

DOLLAR GENERAL

OFFERING MEMORANDUM

SAN BERNARDINO COUNTY (HESPERIA), CALIFORNIA



REPRESENTATIVE PHOTO

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NET LEASE GROUP

Investment Offering & Highlights

The Offering

- Construction commenced in November 2021, on an approximate 9,100 square foot single-story retail building leased to Dolgen California LLC and guaranteed by Dollar General for 15 years
- Price: \$3,231,000 – 4.75% Cap Rate**

Lease / Tenant

- Build to suit construction for Dollar General
- To be completed in the spring of 2022 with a new 15 year triple net lease
- Three five-year options with 10% rental increases at the start of each option
- Dollar General is an investment grade tenant with an S&P rating of “BBB”
- Dollar General has over 19,000 stores nationwide

Real Estate/Area Strengths

- Located in San Bernardino County, Hesperia is approx. 34 miles northeast of San Bernadino and 8 miles south of Victorville
- Tenants in the area include Circle-K, Walgreens, Rite-Aid, Vallarta Supermarket, Stater Bros, Chase Bank, Bank of America, and Starbucks, to name a few
- Average household income of \$87,462 within a mile and a population of 92,335 within 5 miles
- Ontario Int'l Airport is 44 miles and San Bernardino Int'l Airport is 40 miles from the site
- Master planned 15,000 home development (Tapestry Project) has just commenced in Hesperia

Demographics

2021 Summary	3 miles	5 miles	10 miles
Population	8,138	44,972	92,335
Households	2,559	13,701	28,357
Families	2,042	10,653	21,740
Average Household Size	3.18	3.28	3.25
Owner Occupied Housing Units	1,771	8,592	18,845
Renter Occupied Housing Units	788	5,109	9,512
Median Age	33.6	32.6	33.6
Median Household Income	\$66,103	\$54,714	\$56,569
Average Household Income	\$87,462	\$70,055	\$70,541

Projected 2026 Summary

Population	8,414	46,438	95,610
Households	2,641	14,100	29,338
Families	2,106	10,958	22,451
Average Household Size	3.19	3.29	3.26
Owner Occupied Housing Units	1,835	8,891	19,651
Renter Occupied Housing Units	806	5,209	9,687
Median Age	34.1	33.5	34.5
Median Household Income	\$75,105	\$62,965	\$64,639
Average Household Income	\$99,084	\$80,620	\$80,664

Investment Overview

Location

I Avenue at Danbury Avenue, San Bernardino County (Hesperia), CA

Lot Size

Approximately 1.18 acres – 51,400± sq. ft.

Improvements

Construction commenced in November 2021, on an approximate 9,100 square foot single story Dollar General retail building with 35 on site parking spaces. Construction consists of concrete block in front with prefab steel on the sides and back.

Lease

Leased to **Dolgen California, LLC**, with a guaranty by **Dollar General** for 15 years from approximately April 2022 to April 2037 with an annual rent of \$153,480. The lease is triple net, with the tenant responsible for taxes, insurance, common area maintenance including roof, structure and parking lot. There are three five-year options to extend the lease with 10% increases at the start of each option.

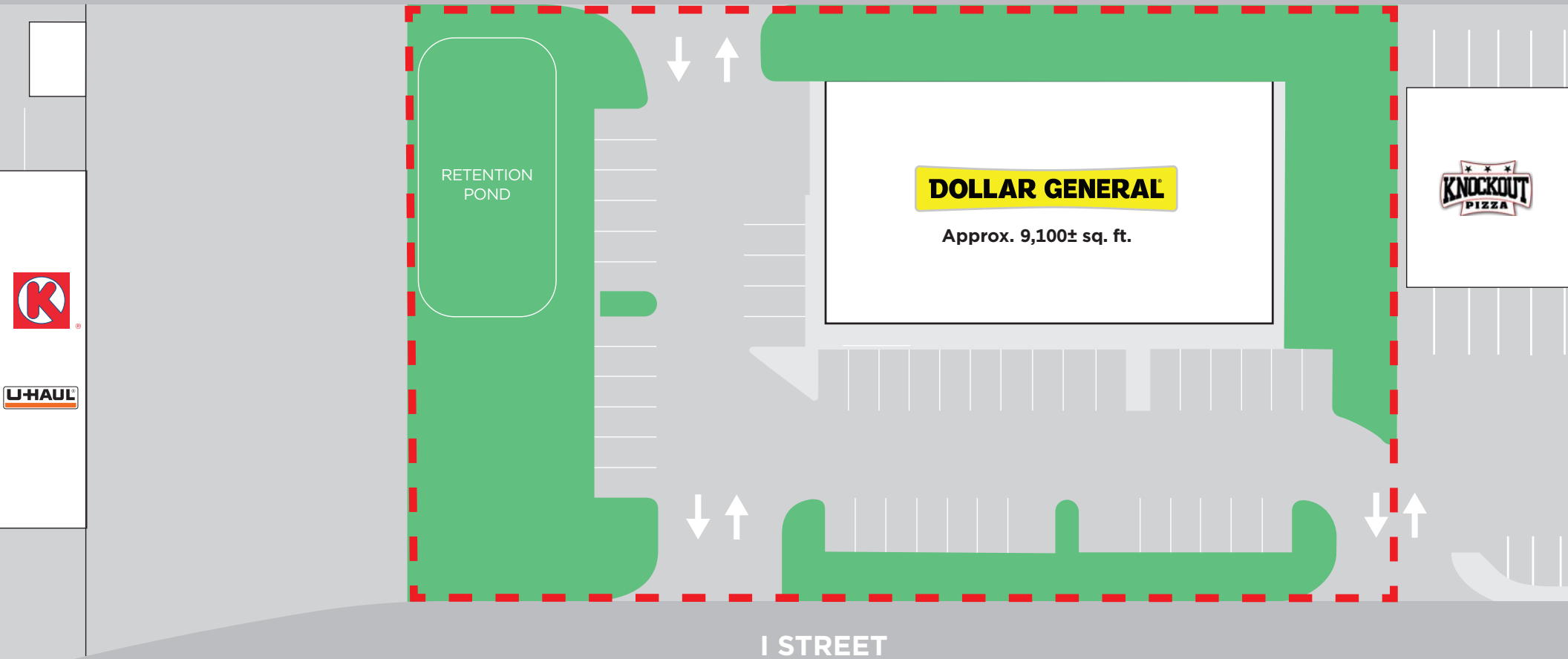
Annual Rent

Lease Years	Annual Rent	Return
1-15	\$153,480	4.75%
16-20 (Option 1)	\$168,828	5.23%
21-25 (Option 2)	\$185,700	5.75%
26-30 (Option 3)	\$204,276	6.32%

Price: \$3,231,000 – 4.75% Cap Rate

SITE PLAN

ALLEY AVENUE



I STREET



Dollar General

DOLLAR GENERAL (NYSE: DG) is an American chain of variety stores headquartered in Goodlettsville, Tennessee. As of December 2021, Dollar General operates over 19,000 stores in the United States offering products that are frequently used and replenished, such as food, snacks, health and beauty aids, cleaning supplies, clothing for the family, housewares and seasonal items at low everyday prices in convenient neighborhood locations. In addition to high quality private brands, Dollar General sells products from America's most-trusted manufacturers such as Clorox, Energizer, Procter & Gamble, Hanes, Coca-Cola, Mars, Unilever, Nestle, Kimberly-Clark, Kellogg's, General Mills and PepsiCo.

Dollar General has more stores than any other retailer and is easily the largest dollar store chain. Founded in 1939, the company first went public under the Dollar General name in 1968 and grew to more than 6,000 stores with \$6 billion in sales by the early 2000's.

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 experience, as well as strategic initiatives.

Fortune 500 recognized Dollar General in 1999, and in 2020 reached #112 on their list. Dollar General has grown to become one of the most profitable stores in the rural United States. The company reported for the year ending January 31, 2021, total revenues of \$33.7B and a net income of \$2.66B. For the nine months ending Oct 31, 2021, the company reported total revenues of \$25.5B, net income of \$1.8B, and a stockholders equity of \$6.19B.

Company Type: Public (NYSE: DG)

S&P Rating: BBB

Locations: 19,000

Website: <https://www.dollargeneral.com/>



HIGH DESERT GATEWAY



DUNIA PLAZA



AERIAL



MIDTOWN SQUARE SHOPPING CNTR



HESPERIA MARKETPLACE



Bank of America

CHASE



DOLLAR GENERAL

HESPERIA SQUARE



RANCHERO RD

MAIN ST

DANBURY AVE

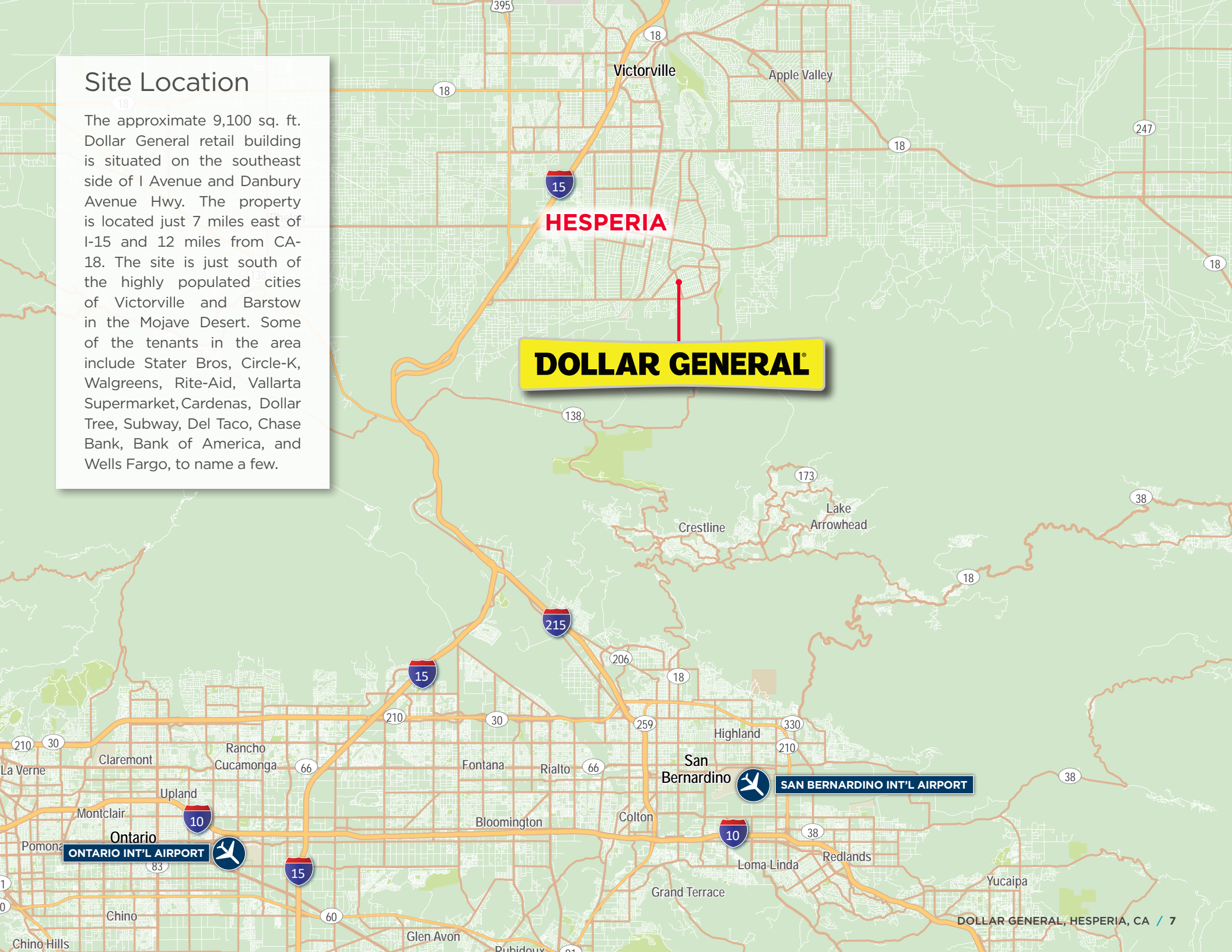
I AVENUE

HESPERIA REGIONAL AIRPORT



Site Location

The approximate 9,100 sq. ft. Dollar General retail building is situated on the southeast side of I Avenue and Danbury Avenue Hwy. The property is located just 7 miles east of I-15 and 12 miles from CA-18. The site is just south of the highly populated cities of Victorville and Barstow in the Mojave Desert. Some of the tenants in the area include Stater Bros, Circle-K, Walgreens, Rite-Aid, Vallarta Supermarket, Cardenas, Dollar Tree, Subway, Del Taco, Chase Bank, Bank of America, and Wells Fargo, to name a few.



DOLLAR GENERAL®

Regional Map



DOLLAR GENERAL®

HESPERIA



Hesperia, California

The city of Hesperia is located in San Bernardino County, California in the Victor Valley surrounded by the Mojave Desert. Hesperia is 35 miles north of the city of San Bernardino and contains a 2021 population of 97,729. The Victor Valley is a subregion of the Inland Empire made up of four incorporated communities located along the I-15, including Adelanto, Apple Valley, Hesperia and Victorville with a combined population of over 400,000. The Victor Valley area and Hesperia are growing quickly at an average annual rate of 4%, which can be attributed to new developments and private investments attracting residents. The Tapestry housing development, for example, is set to build 15,633 new homes in Hesperia over the next two decades. Another major industrial project, the Hesperia Commerce Center, is undergoing development in southwest Hesperia. This 13 parcel, 232 acre development is being built near Interstate 15 and will consist of 34 industrial warehouses and office buildings, wholesale distribution facilities, commercial storage facilities and an assortment of retail space.

ECONOMY

The major employers in the city of Hesperia are the Hesperia Unified School District, the County of San Bernardino, Staters Bros. and Walmart. The largest industries in Hesperia are retail trade, transportation and warehousing, and construction. Other industries include utilities, mining, quarrying and oil and gas extraction, as well as agriculture, forestry, fishing and hunting.

RECREATION

Hesperia has its own man-made lake, Hesperia Lake Park, which is located on the edge of town and supports activities including camping and fishing, with a bait and tackle shop on site. Hesperia contains several campgrounds that attract tourists throughout the year for activities including hiking, boating, swimming, shooting and off-roading. Hesperia is also home to the Hesperia Zoo, which contains animals including primates, big cats, marsupials, and various bird species

Highways & Public Transport

Hesperia is bisected by Interstate 15 and Highway 395, which provide ample traffic as Hesperia is on the way to many tourist destinations including Mammoth Lakes and Las Vegas. Los Angeles, is 1 hour 40 minutes away from Hesperia via car, while San Bernardino is 1 hour away. The nearest international airport, San Bernardino International Airport, is also one hour away in San Bernardino.

Hesperia is served by the Victor Valley Transport authority, which provides local bus services for the communities of the Victor Valley Area.



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