

# ➤ Dollar General

3139 Dunn Ave - Jacksonville, FL 32218



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## THE WALL STREET JOURNAL.

### Dollar General's Net Jumps

By TESS STYNES, June 3, 2009



Dollar General Corp.'s fiscal first-quarter earnings skyrocketed amid surging sales and margins and lower acquisition-related costs, as the low-price retailer continues to attract consumers trading down for basic staples.

Chairman and Chief Executive Rick Dreiling

said the retailer believes its customers are shopping at Dollar General more often and that it is attracting new customers.

Dollar General, whose quarterly sales rose 16%, will open 450 new stores.

Dollar General and rivals such as Family Dollar Stores Inc. and Dollar Tree Inc. have mostly benefited amid the economic downturn. While retailers higher up the price scale retrench to reflect slumping sales, Dollar General plans to raise its store count by 450 this year from 8,362 locations at the end of 2008.

The Goodlettsville, Tenn., company was acquired by private-equity firm Kohlberg Kravis Roberts & Co. in 2007. The discounter's strong growth has made it one of the best performers in KKR's portfolio.

For the quarter ended May 1, Dollar General reported a profit of \$83 million, up from \$5.9 million a year earlier. Excluding items, earnings rose to \$291 million from \$182.7 million.

Revenue climbed 16% to \$2.78 billion amid the addition of 100 stores. Sales at stores open at least a year rose 13.3% as traffic and the size of average transactions increased.

Gross margin rose to 30.8% from 28.8% amid higher average markups, lower transportation and distribution costs, and continuing reductions in theft.

Sales of consumable items rose 19%, while sales of seasonal goods increased 11%, it said.

## The New York Times

### Don't Ask. You Can Afford It.

By STEPHANIE ROSENBLOOM, May 2, 2009

Wal-Mart may have become the premier place to shop for Americans struggling through a severe recession, but the giant chain has competition nipping at its heels.

The nation's dollar stores, those once-dowdy chains that lured shoppers by selling some or all of their merchandise for \$1, are suddenly hot. They are busily opening new stores, outfitting existing stores with refrigerators and freezers, and sprucing up their aisles with better lighting, fresh paint and new signs.

And while most big retail chains are closing stores and radically cutting back on new outlets, the dollar chains are planning to open hundreds of stores this year in some of the best locations to which they have ever had access.

Dollar stores have long had a reputation for being down-at-the-heels places to buy cheap, generic goods. While keeping their low prices, they are revamping their image and climbing the respectability ladder — in some cases into the Fortune 500.

**Dollar General, long part of that select club of the 500 biggest American companies, appears on this year's list at No. 259, up 15 places from last year.** Those rankings are a far cry from Wal-Mart Stores, which holds the No. 2 position behind Exxon Mobil, but some dollar chains these days are growing faster than Wal-Mart.

Of the nation's three major self-described dollar chains, Family Dollar and Dollar General sell many items for about \$1 along with other merchandise that costs more.

**What the three companies have in common is strong sales growth in their most recent reporting periods — a feat in this economy, where most chains are posting declines.**

**At Dollar General, which operates more than 8,400 stores, same-store sales for the three months ending Jan. 30 were up 9.4 percent. Dollar General will open 450 new stores and remodel or relocate about 400 existing stores.**

Stacey Widlitz, a retailing analyst with Pali Research, summarized the dollar-store success story: "They're killing it because consumers are trading down."

As a result, the chains are opening more stores and negotiating less expensive rents in better shopping centers. After all, landlords are hungry for healthy retailers to take over the empty spaces left behind by bankrupt and ailing chains.

To capitalize on the down economy, the chains are offering more groceries and household necessities — and giving those items more prominence in their stores.

"All these guys are seeing more traffic and new customers than they've seen in the past," said Joseph Feldman, a retailing analyst with the Telsey Advisory Group. "It's clear to me that it's an attempt to capture and retain the customers that they are getting."

# Dollar General

3139 Dunn Ave - Jacksonville, FL 32218

➔ <b>Purchase Price:</b>	\$1,223,805
<b>Cap Rate:</b>	8.75%
<b>Total Rentable Area:</b>	9,100 Square Feet
<b>Price Per Square Foot:</b>	\$134.48
<b>Lot Size (approximate):</b>	1.05 Acres
<b>Year Built</b>	2009



**Construction Photo: 6/18/09**

Capital Pacific is pleased to present for sale a newly constructed freestanding Dollar General located on 3139 Dunn Avenue in Jacksonville, FL.

This offering presents an investor with an opportunity to acquire a brand new Dollar General in an excellent Florida suburban market with a corporate 15-year, NN lease. Some additional highlights include:

#### **Dollar General Highlights:**

- Dollar General sales increased 15.7 percent to \$2.78 billion in the first quarter of 2009 compared to \$2.40 billion in the first quarter of 2008
- The Company's operating profit increased 102.8 percent to \$224.9 million, or 8.1 percent of sales, in the 2009 first quarter compared to \$110.9 million, or 4.6 percent of sales, in the 2008 first quarter.

#### **Property Highlights:**

- Recession proof tenant
- Proven location: Dollar General is currently located in a JC Penney anchored shopping center and is relocating directly across the street to a freestanding store
- Brand new construction, located just 5 miles south of Jacksonville International Airport
- Dollar General is surrounded by several national and regional retailers including JC Penny, Bealls, Winn Dixie, and McDonalds (see detailed aerial on Page 5)
- Approximately 89,000 people with average household incomes of \$55,000 within five miles

#### **Lease:**

- 15-year primary term with three (3), five-year options
- Rent Commencement date is 9/1/2009
- 10% Rental Escalations every 5 years after the 10th year

# Dollar General - Aerial



**DOLLAR GENERAL**

**3139 Dunn Avenue**

**ADT: 19,100**

**ADT: 21,000**

**BEALLS  
Outlet**



**JCPenney**

Existing Dollar General to be closed & relocated to:  
3139 Dunn Avenue

**DOLLAR GENERAL**

**Winn-Dixie**  
Getting better all the time.

## Income/Expense

<b>Price:</b>	<b>\$1,223,805</b>	
Price Per Square Foot:	\$134.48	
Capitalization Rate:	8.75%	
Total Rentable Area:	9,100	
Lot Size (Acres):	1.05	
<b>Stabilized Income</b>	<b>Per Square Foot</b>	
Scheduled Rent	\$11.87	\$107,993
Effective Gross Income	\$11.87	\$107,993
<b>Less:</b>	<b>Per Square Foot</b>	
Taxes		\$0.00
Insurance		\$0.00
Roof and Structure	\$0.10	(\$910.00)
Total Operating Expenses	\$0.10	(\$910.00)
<b>Equals: Net Operating Income</b>		<b>\$107,083</b>

## Rent Roll

Tenant	Sq. Ft.	Term	Current Rent	Monthly Rent	Yearly Rent	Monthly Rent / Ft	Yearly Rent / Ft
Dollar General	9,100	9/1/09 - 8/31/19	\$107,993	\$8,999	\$107,993	\$0.99	\$11.87
		9/1/19 - 8/31/24		\$9,899	\$118,792	\$1.09	\$13.05
		9/1/24 - 8/31/29	Option 1	\$10,889	\$130,671	\$1.20	\$14.36
		9/1/29 - 8/31/34	Option 2	\$11,978	\$143,738	\$1.32	\$15.80
		9/1/34 - 8/31/39	Option 3	\$13,176	\$158,112	\$1.45	\$17.37
<b>Current Totals:</b>	<b>9,100</b>		<b>\$107,993</b>	<b>\$8,999</b>	<b>\$107,993</b>		

## Proposed Financing Summary

Fixed Rate Period	LTV	Interest Rate	Amortization	Cash on Cash
5 Year Fixed	55%	5.91%	25 Yr.	\$53,014 (9.20%)
4 Year Fixed	55%	5.44%	25 Yr.	\$55,409 (9.60%)
3 Year Fixed	55%	4.69%	25 Yr.	\$59,120 (10.24%)

\* Full Recourse



As loan information and interest rates are time sensitive and subject to market fluctuations, we recommend that you contact Benjamin Vanderford, of US Bank, San Francisco, CA at (650) 367.5404, or one of our Capital Pacific listing agents for more details.

# Dollar General - Tenant Information

## DOLLAR GENERAL®

Company Type:	Privately held
2008 Sales (bil.)	\$10.5
Locations:	8,400
2008 Employees	72,000
Store Size:	7,000 Square Foot Stores

Dollar General is the largest small-box discount retailer in the U.S. with over 8,300 stores. Dollar General stores offer convenience and value to customers, by offering consumable basic items that are frequently used and replenished, such as food, snacks, health and beauty aids and cleaning supplies, as well as a selection of basic apparel, housewares and seasonal items at everyday low prices.

Dollar General Corporation operated as a public company from 1968 until July 6, 2007. At that time, an investment group consisting of affiliates of Kohlberg Kravis Roberts & Co. L.P. (KKR), GS Capital Partners (an affiliate of Goldman Sachs), Citi Private Equity and other co-investors completed an acquisition of Dollar General Corporation for a total enterprise value of \$7.3 billion.



**DOLLAR GENERAL®**  
Save time. Save money. Every day!®

don't forget mom!

**\$1** Natural Life Soap  
24 ct. 100% Natural Soap  
2 for \$4

**\$6** Paper Towels  
4 for \$4

**sale \$5.50** Brawny Paper Towels  
**sale \$5.50** Angel Soft Paper Towels  
**sale 2 for \$6** Clorox Bleach

**sale \$6** Maxwell House Coffee  
**sale \$2.25** Clorox Disinfecting Wipes  
**sale \$6** Clorox Disinfecting Wipes

**sale \$5** Huggies Baby Wipes  
**buy 1 get 1 free!** Clorox Disinfecting Wipes

May 3<sup>rd</sup> thru May 10<sup>th</sup>

**DOLLAR GENERAL**  
See inside for Summer deals that sizzle!  
dollargeneral.com

# Dollar General - Aerial



**WAL\*MART**  
SUPERCENTER



**Jacksonville Int'l Airport**

**Lem Turner Road**

**Duval Road**

**Mobile Home Park**

**Single Family Residential**

**DOLLAR GENERAL**

**Dunn Avenue**



**Single Family Residential**



**Single Family Residential**

**Single Family Residential**



**N Campus Blvd**

**Florida Community College of Jacksonville**



# Dollar General - Location Overview



## Jacksonville, FL

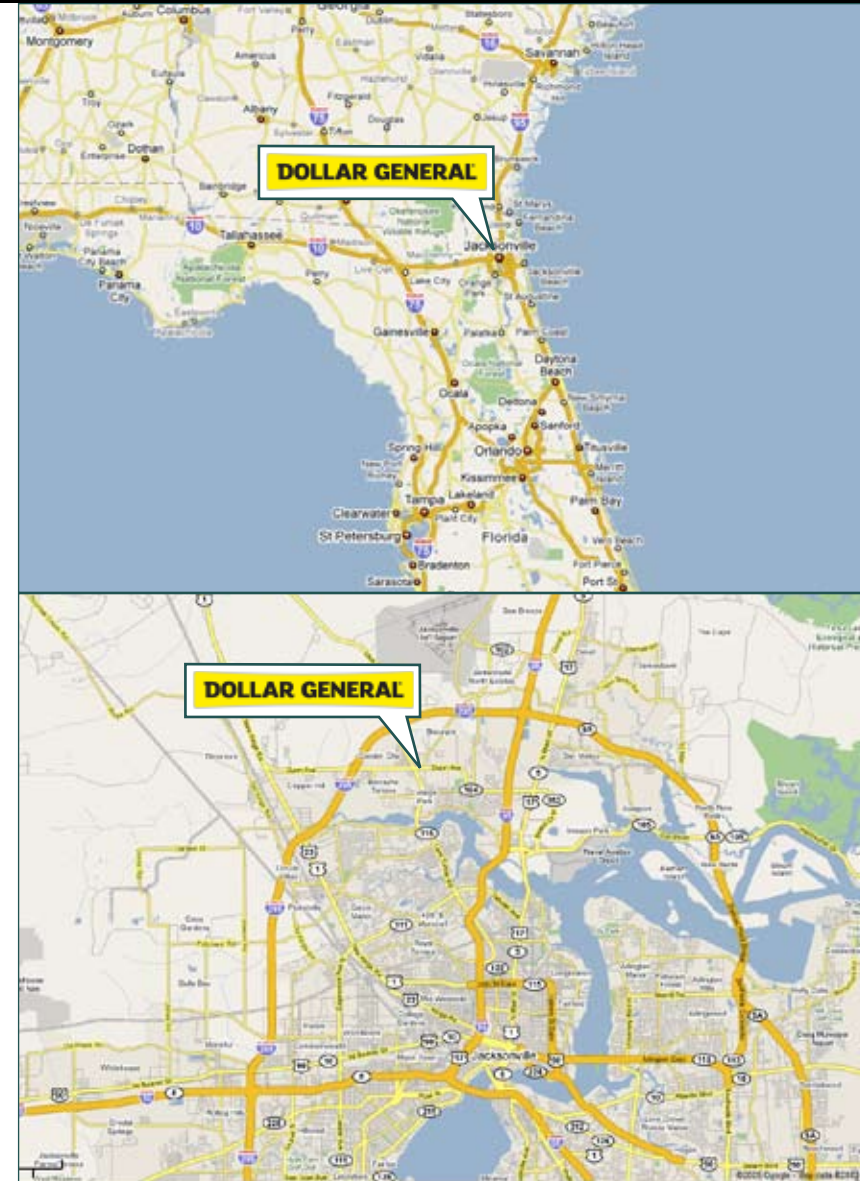
Jacksonville is the largest city in the U.S. state of Florida. The majority of Jacksonville's metropolitan population resides within the city limits, making it the most populous city proper in Florida and the twelfth most populous in the United States. Jacksonville is the principal city in the Greater Jacksonville Metropolitan Area, a region with a population of more than 1,300,823.

Jacksonville is the largest deepwater port in the south (as well as the second-largest port on the U.S. East coast) and a leading port in the U.S. for automobile imports, as well as the leading transportation and distribution hub in the state. However, the strength of the city's economy lies in its broad diversification. The area's economy is balanced among distribution, financial services, biomedical technology, consumer goods, information services, manufacturing, insurance and other industries.

Jacksonville is a rail, air, and highway focal point and a busy port of entry, with Jacksonville International Airport, ship repair yards and extensive freight-handling facilities. Lumber, phosphate, paper, cigars and wood pulp are the principal exports; automobiles and coffee are among imports. The city also has a large and diverse manufacturing base. According to Forbes in 2007, Jacksonville, Florida ranked 3rd in the top ten U.S. cities to relocate to find a job. Jacksonville was also the 10th fastest growing city in the U.S.

## Demographics

Population	1 Mile:	3 Miles:	5 Miles:
2000 Population	2,882	37,436	77,453
2008 Population	5,066	46,386	89,671
2013 Population (Projection)	6,122	51,689	97,640
2008 Income			
2008 Average Household Income	\$60,194	\$59,206	\$55,329
2008 Median Household Income	\$49,917	\$50,433	\$44,847



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