

**DOLLAR STORE PROPERTIES
MEDIAN ASKING CAP RATES**

Tenant	Q3 2011 (Previous)	Q3 2012 (Current)	Basis Point Change
Dollar General	8.40%	8.25%	-15
Family Dollar	8.45%	8.28%	-17

**MEDIAN ASKING CAP RATE
BY LEASE TERM REMAINING**

Years Remaining	Dollar General	Family Dollar
12-15	7.25%	N/A
9-11	8.00%	8.25%
6-8	8.50%	8.40%
3-5	9.00%	9.00%
0-2	10.00%	9.25%

MEDIAN ASKING PRICE

Tenant	Median Asking Price	Median Price Per Foot
Dollar General	\$784,500	\$87
Family Dollar	\$993,008	\$118

**MEDIAN NATIONAL CLOSED
CAP RATE SPREAD**

Tenant	Closed	Ask	Spread (bps)
Dollar General	7.81%	7.51%	30
Family Dollar	8.76%	8.50%	26

MARKET OVERVIEW

The median cap rate for single tenant net leased Dollar General and Family Dollar properties compressed by 16 basis points from the third quarter of 2011 to the third quarter of 2012. This compression is derived by the combination of historically low interest rates, a lack of investment grade assets available at a low absolute dollar amount and a surplus of 1031 exchange investors with low equity requirements. Investors are attracted to dollar stores tenanted by industry leaders, Dollar General and Family Dollar, as they offer long term leases to investment grade tenants at a low absolute dollar amount. Dollar General and Family Dollar assets have an average asking price of \$888,754 with an average price per square foot of \$103. Dollar store properties are trading at a 77 basis point discount to the net lease market due to their geographical requirements within secondary and tertiary markets.

The retail industry shows strong consumer demand for dollar stores evidenced by the rapid expansion plans of Dollar General and Family Dollar in 2013. In 2012, Family Dollar increased new store development by greater than 50% and combined, Dollar General and Family Dollar constructed 1,100 new stores. Dollar store customers are attracted to the low cost of the goods sold as well as the convenience of the smaller store format. Furthermore, dollar stores have increased their competition with grocery stores as an increasing percentage of consumers are purchasing grocery items at dollar stores each year.

The standard new Family Dollar leases are double net for ten years with no rental escalation in the primary term, whereas the majority of new Dollar General leases are triple net for fifteen years with a 3% rental escalation in lease year eleven. Therefore, new construction Dollar General assets are priced at an 89 basis point premium over new construction Family Dollar assets. In addition, in April 2012 Dollar General's credit rating was upgraded to BBB- (investment grade) from BB+ by Standard & Poor's.

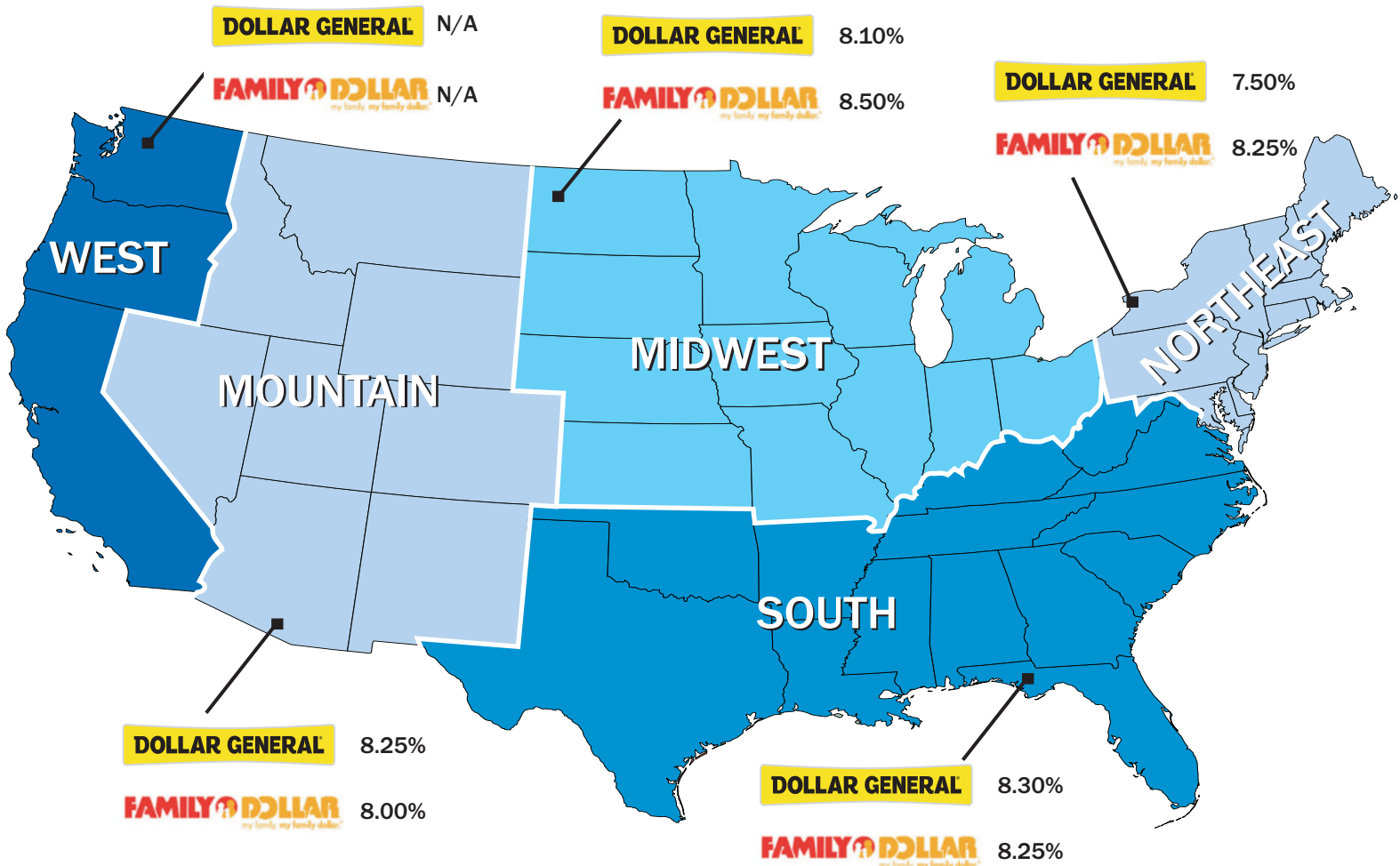
Transaction volume remains heavily concentrated in recently constructed dollar store properties; however stores located in above average markets with strong demographics remain in high demand. The single tenant net lease dollar store sector will continue to remain active as private investors seek properties with long term leases, investment grade tenants and attractive price points.





DOLLAR STORE PROPERTIES
ON THE MARKET

Tenant	Q3 2012 (Current)	Percentage of Market
Dollar General	220	56%
Family Dollar	172	44%

DOLLAR STORE MEDIAN ASKING CAP RATE BY REGION



COMPANY COMPARISON

	Dollar General	Family Dollar
Credit Rating	BBB- (Stable)	BBB- (Stable)
Stock Symbol:	DG	FDO
Market Cap	\$16 billion	\$7 billion
Revenue	\$15 billion	\$9 billion
2012 Stores Built	625	475
Number of Stores	10,203	7,400
New Lease Type	Triple Net	Double Net
Typical New Lease Term	15 years primary term with twenty years of options	10 years primary term with twenty-five years of options
Typical Rent Increases	3% in lease year 11; 10% each option period	None in primary term; 10% each option period
		

FOR MORE INFORMATION

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