Grocery Anchored Solutions
The QuickScreen

MTN RETAIL ADVISORS

- **PREDICTIVE ANALYTICS**
  High Quality, granular data that assesses 125 variables..
- **INVESTMENT ADVISORY**
  Negotiating power, whether maximizing your portfolio or examining future prospects.
- **BROKERAGE SERVICES**
  Full suite of services including Tenant Representation.

MTN Retail Advisors - We deliver the most detailed market insights available to help retailers, municipalities, developers and real estate investors answer their most challenging market questions with certainty, to maximize profitability, minimize risk and grow their business.

The MTN QuickScreen App

Making Site Selection Easier, Faster and More Precise Than Ever

At MTN, we answered our clients call for a faster and more accurate method to sorting out the more lucrative and valuable sites. We have the most extensive database in the industry and it was time to pair that data with savvy technology.

The QuickScreen is quickly becoming one the most important tools that service our clients demanding site selection requisites.

The QuickScreen works alongside our extensive database and analyst insight to define your site search while condensing down to the most crucial locations quickly.

The QuickScreen tool answers the question, “Is there grocery potential at this location?” Thus saving you time and money by focusing on the most valuable and relevant locations in your search filter. See the sample 8 page Asset Review that it generates below.

Contact us at: info@mtnra.com for more information.

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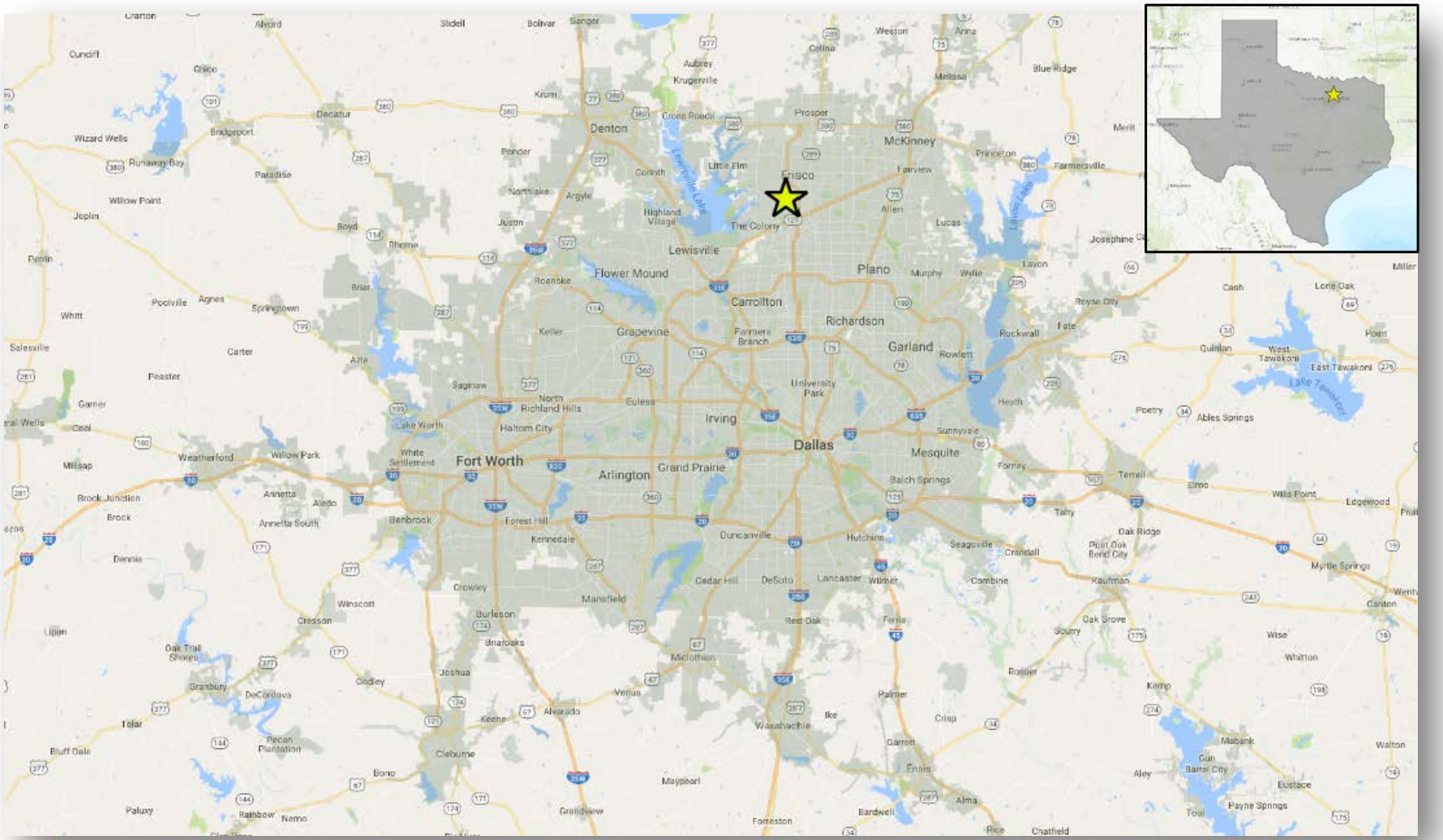
MTN Retail Advisors Asset Review

Kroger - Legacy Ranch Shopping Center
4850-4851 Legacy Drive Frisco, TX
1/31/2018



Legacy Ranch Shopping Center – 4850-4851 Legacy Drive Frisco, TX

Executive Summary

- Kroger is well positioned in the Dallas market as the number two grocer with an estimated 21% market share behind Walmart's ~33% but well above Tom Thumb's ~9%
- Frisco is located 30 miles North of downtown Dallas and is characterized by strong incomes, density, and growth
- The store has solid performance with sales at almost $800K per week due to its strong position, format, and offering
- Strong demographics and growth has resulted in additional competition being planned for the area; Whole Foods, HEB and Walmart are expected to open nearby
- Despite the impacts, we expect strong long term viability thus classifying the asset as stable and recommend maximizing net operating income

Shopping Center Information

Market	Dallas		
Grocery Anchor	Kroger		
Grocery SF	62K		
Avg. Weekly Sales	$795K		
Annual Sales	$41.3M		
Annual Sales PSF	$669		
Base Rent	$7.34	ADA Compliant	Yes
Rent to Sales %	1.1%	Retail Synergy	Good
Lease Expiration	2/28/2025	Last Remodel	2004
		Total Retail Sq. Ft	110K
Remaining Contingent Liability	$3.4M	Occupancy	93%
Grocery Pickup	Yes	Parking Ratio	2.3

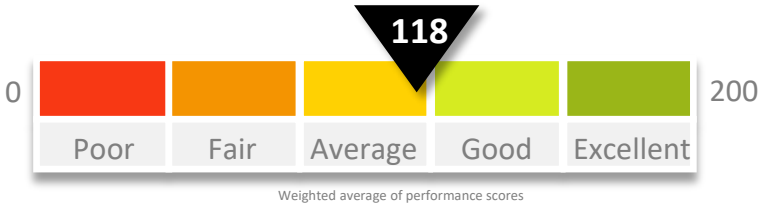
Recommendation & Scoring

Long-Term Outlook: **STRONG**

Recommendation: **MAXIMIZE NET OPERATING INCOME**

Parent Company Moody's Rating: **Kroger – Baa1 – Stable**

Overall Asset Score: **118**

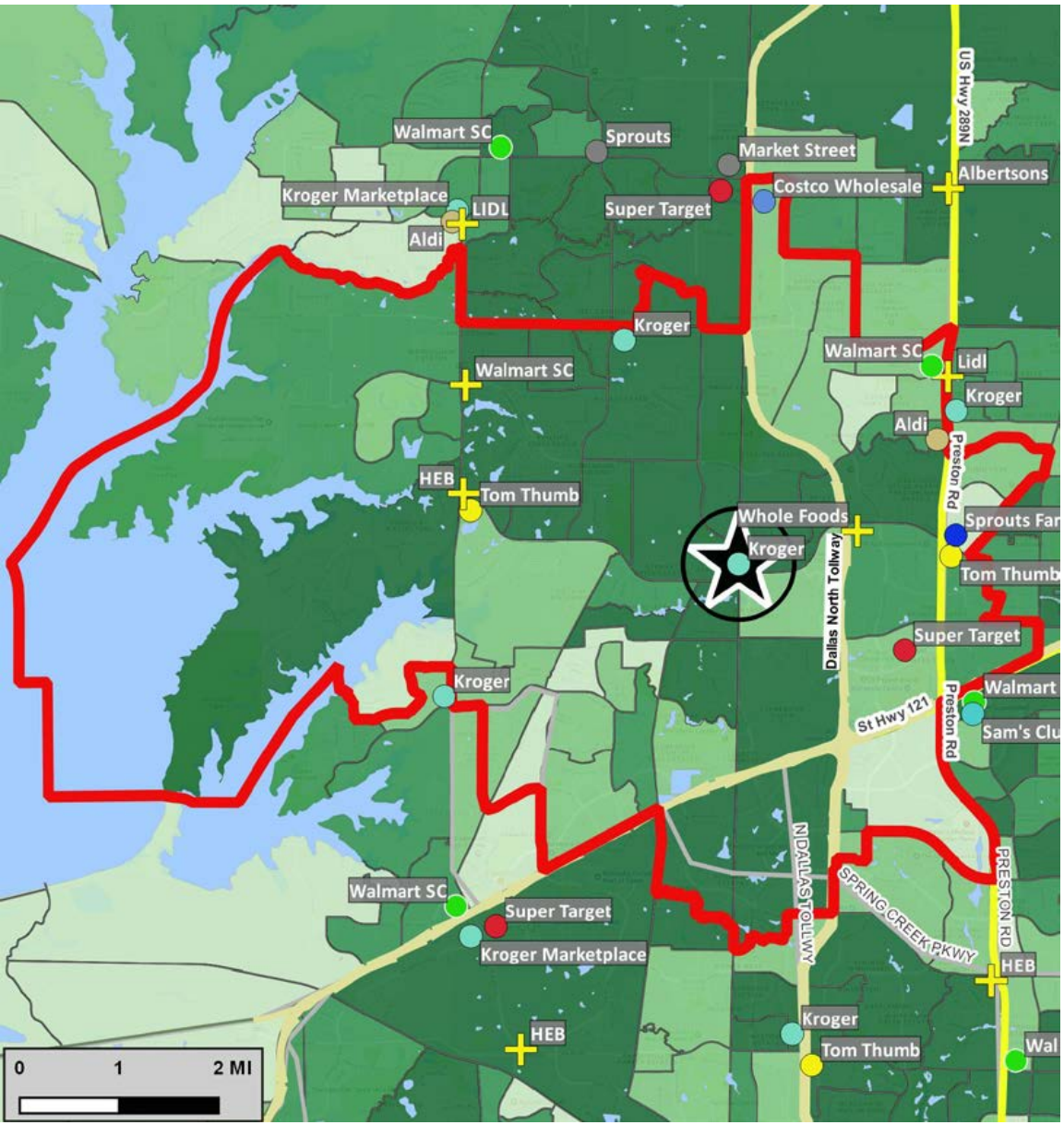


Performance Scores

		Weights
Sales Index	126	(50%)
Format FIT Index	131	(15%)
Population Growth Index	200	(10%)
Competitive Activity	20	(15%)
SC Condition Index	120	(10%)

Legacy Ranch Shopping Center –4850-4851 Legacy Drive Frisco, TX

Trade Area Map – Average HH Income

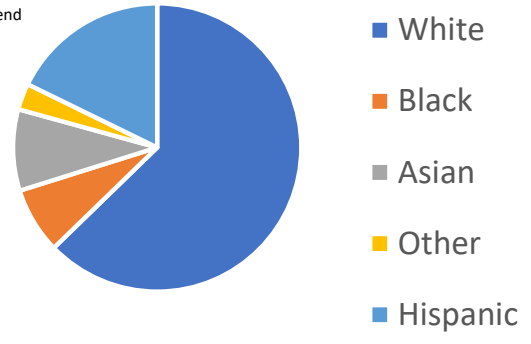


Trade Area Demographics

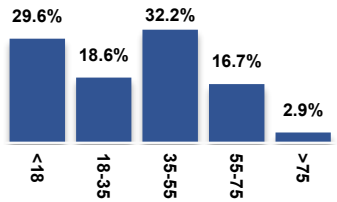
2017 Population:	110,272	2017 Households:	41,298
2022 Proj. Population:	141,713	2022 Proj. Households:	53,196
Proj. Pop. Growth:	28.5%	Proj. HH Growth:	28.8%
'10 - '17 Pop. Growth:	52.1%	'10 – '17 HH Growth:	53.2%
Pop. Density:	2,658 p/sq. mi	Ave HH Size:	2.7

Race & Ethnicity (7 year trend)

% White:	62.7%	↑ 3.2%
% Black:	7.4%	↑ 2.5%
% Asian:	9.1%	↑ 0.5%
% Other:	3.0%	↑ 0.1%
% Hispanic:	17.8%	↑ 0.1%



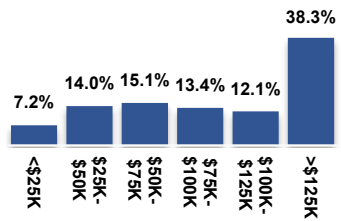
Average Age: 34.9



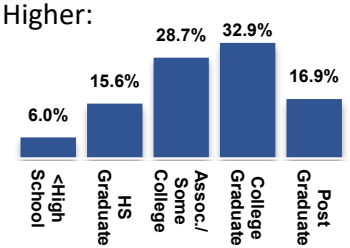
Median Home Value: $430,943

Market Index: 202

Average HH Income: $128,783

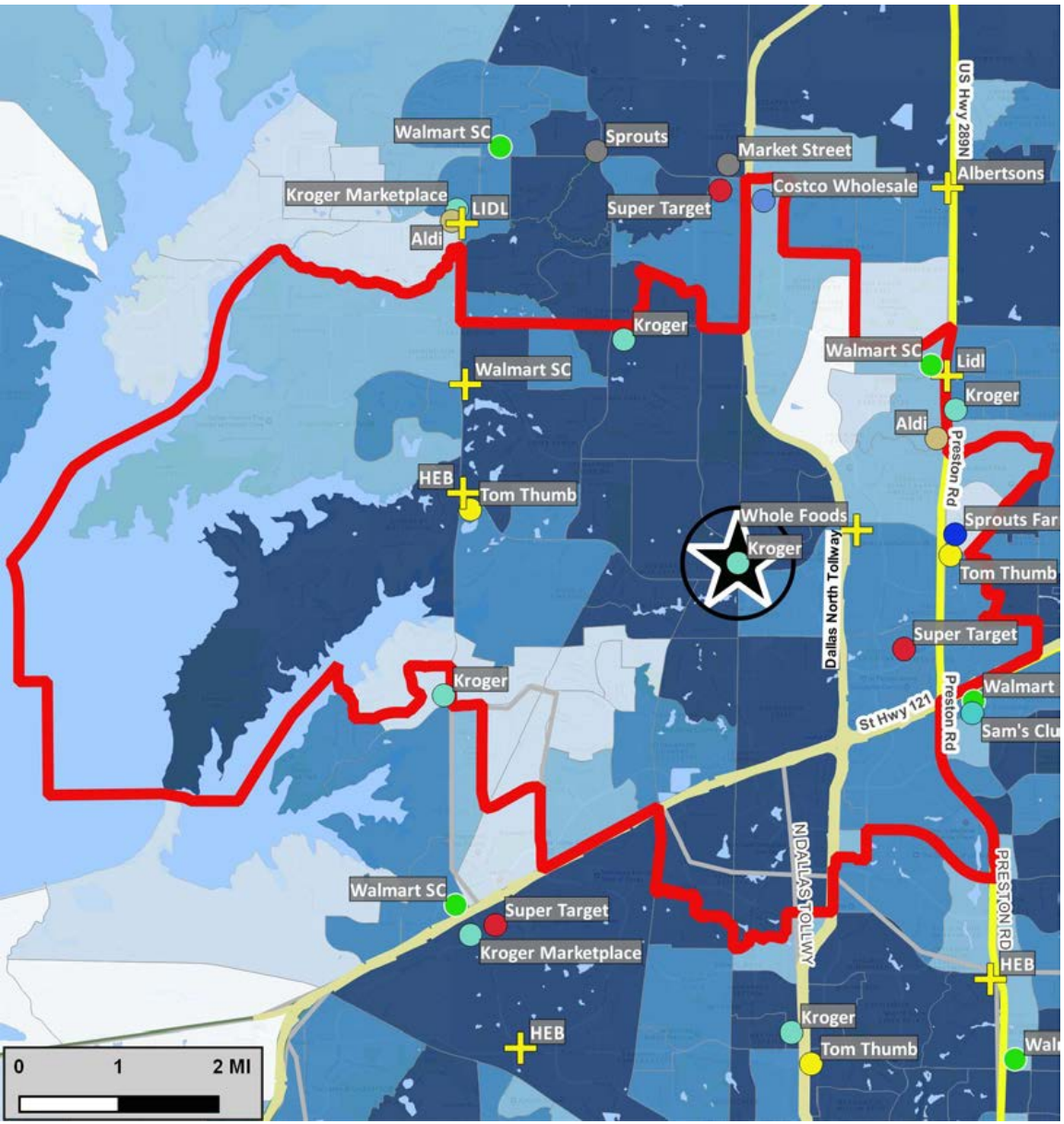


Bachelors Degree or Higher: 49.8%



Legacy Ranch Shopping Center –4850-4851 Legacy Drive Frisco, TX

Trade Area Map – FIT Score (Quality/Service)



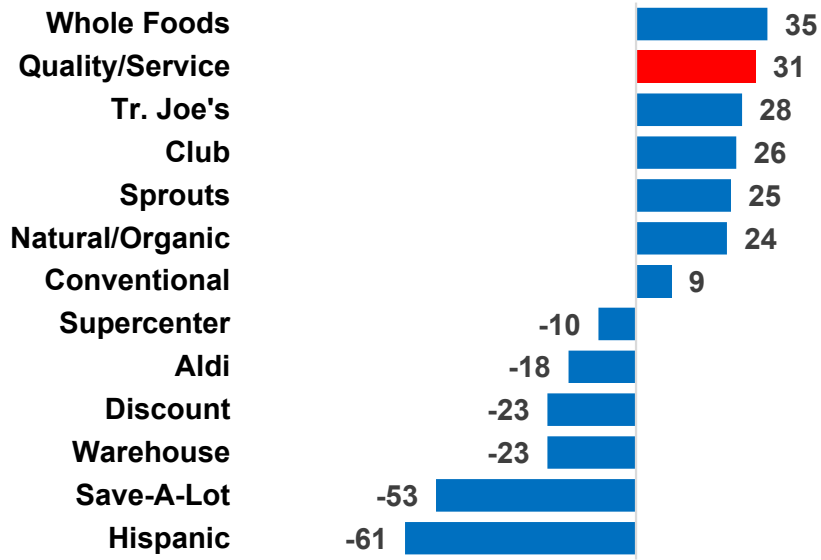
FIT Scores

FIT Details

What is FIT? The FIT program identifies how well a store format "fits" the demographic profile of an individual trade area

FIT Type Definition – **Quality/Service**

Upscale supermarket with a special focus on product quality and customer service. This FIT segment is primarily found in affluent communities. Other examples of Quality/Service grocers are QFC, Publix, Harris Teeter.



Demographic FIT - **Good**

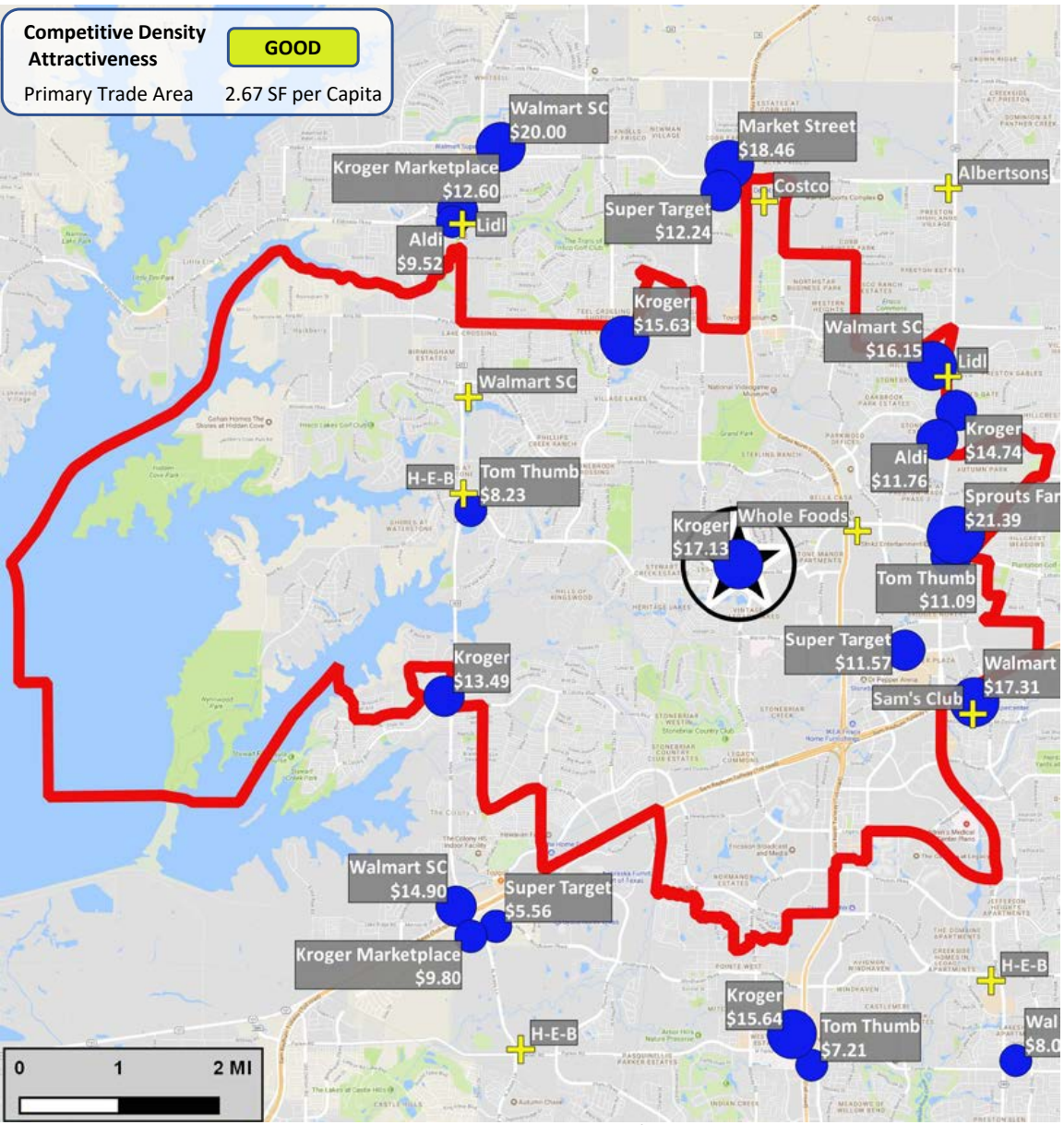
The Quality/Service grocery segment is a strong fit for the trade area demographics at 31% above average

Format Saturation – **High**

Quality/Service grocers account for 30% of trade area square footage which is the highest among FIT types

Legacy Ranch Shopping Center –4850-4851 Legacy Drive Frisco, TX

Trade Area Map – Sales PSF (Sales Area)



Trade Area & Market Competition

Banner Market Position & Performance

Market Position	Banner	Average Sales PSF	Annual Sales PSF	Store Count	Market Share %
1	Walmart	$15.55	$809	126	32.7%
2	Kroger	$14.39	$748	89	21.3%
3	Tom Thumb	$11.76	$612	56	8.7%
4	Albertsons	$8.42	$438	40	5.2%
5	Target	$6.86	$357	47	4.0%

Subject Store Performance & Ranking

	Market Rank	Banner Rank (market)	Banner Rank (chain-wide)
Weekly Sales	96	24	409
$795K	of 659	of 89	of 1293
Sales PSF	149	20	665
$17.13	of 659	of 89	of 1293
Power	99	10	640
139	of 659	of 89	of 1293

Competitive Activity

POOR

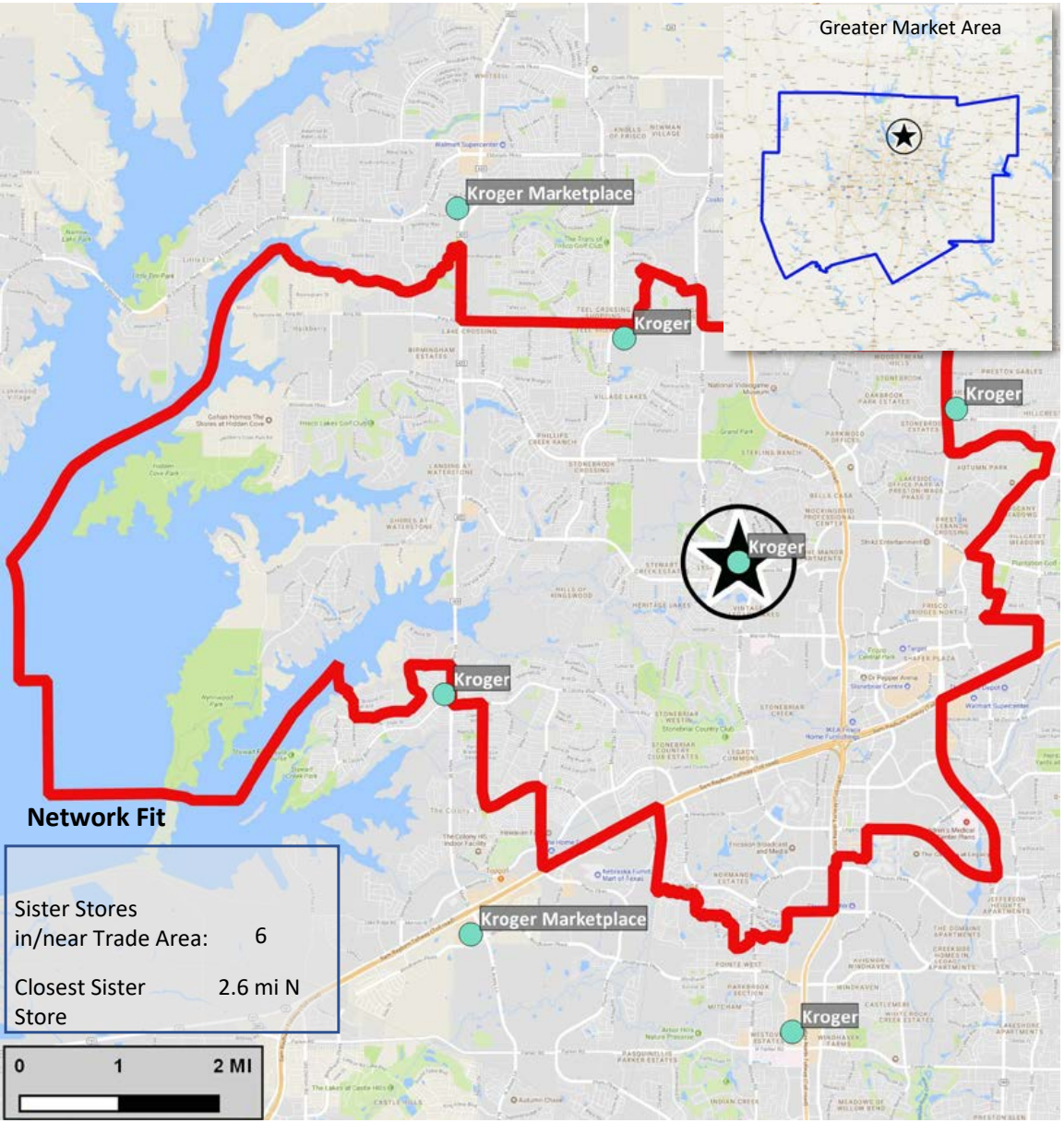
Recent & Planned Competitive Entry	Distance from Subject Store	Estimated Impact	Opening/ Estimated Opening
Walmart SC	3.3 mi N	5%/$38K	Late 2017
Whole Foods	1.3 mi E	8%/$64K	Mid 2018
HEB	2.9 mi W	10%/$75K	TBD

Additional Competitor Insights

HEB's owns a parcel 2.9 miles west (as mentioned above); however, there is no development at this time. Lidl also has sites on the fringe of the trade area but their status is uncertain.

Legacy Ranch Shopping Center –4850-4851 Legacy Drive Frisco, TX

Trade Area and Market Map



Insights & Other Considerations

Market Summary

Primary Market – Dallas, TX

	Current Value	Rank in Market Type	3 Yr Trend
Population	7.2 M	4 of 37	6.2 %
GDP	$485.7B	6 of 37	12.9 %
Unemployment	3.8%	16 of 37	(19.1%)

Market & Format Strategy / Activity

Appropriate format and good network fit for Kroger given their strong penetration and good positioning/separation.

Trade Area Assessment

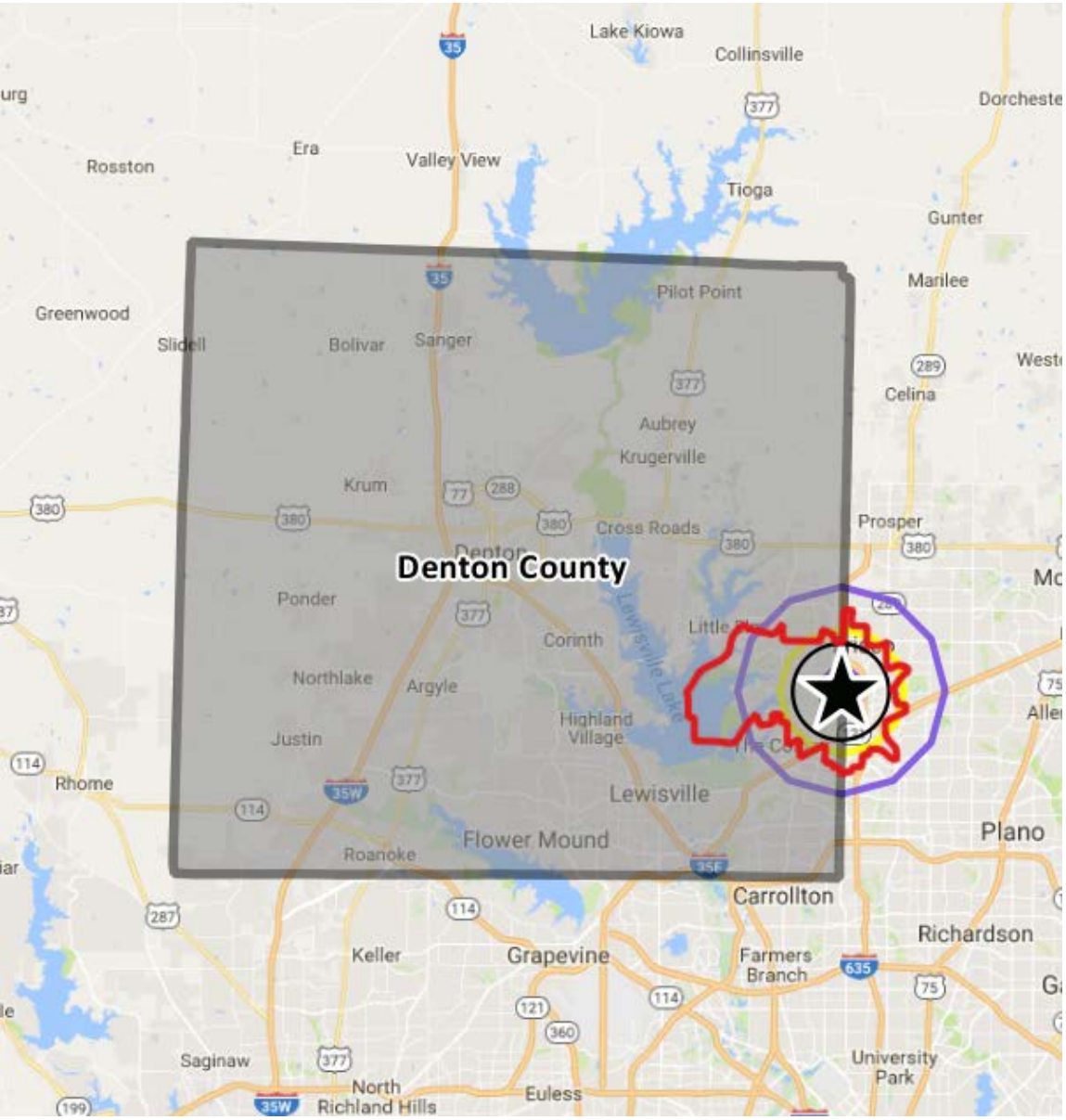
Strong trade area on all metrics with exception of competitive stability.

Barriers to Entry

Moderate barriers to entry as Kroger located in a fully developed neighborhood; however, land is available to the east and west.

Legacy Ranch Shopping Center –4850-4851 Legacy Drive Frisco, TX

Trade Area, 1-3-5 Mile Rings & County Map



Additional Demographics

	Trade Area	1 Mile	3 Mile	5 Mile	County	Trade Area/ County Index
Population	110,272	12,568	92,568	249,340	813,664	
Growth 2017-2010	52.1%	37.9%	43.8%	32.4%	22.8%	229
Growth 2022-2017	28.5%	29.4%	26.8%	19.2%	11.5%	249
White	62.7%	73.1%	63.1%	63.2%	63.8%	98
Black	7.4%	6.4%	7.8%	7.2%	8.4%	88
Asian	9.1%	8.7%	9.8%	12.9%	7.0%	130
Other	3.0%	3.7%	3.1%	3.0%	2.8%	107
Hispanic	17.8%	8.1%	16.2%	13.7%	18.1%	99
Average Household Income	$ 128,783	$176,526	$130,169	$127,569	$102,115	126
Median Household Income	$ 100,788	$145,921	$103,407	$103,580	$ 79,968	126
Unemployment Rate	3.0%	1.9%	3.1%	3.0%	3.3%	91
In Poverty	4.8%	3.4%	4.4%	3.9%	8.3%	58
Bachelor's Degree or Higher	49.8%	66.2%	51.4%	54.8%	41.6%	120

GLOSSARY OF TERMS

Market Share	The percent of the potential obtained from the total available grocery dollars in a given area.
Power	A measure of a store's performance in relation to other stores of similar size and format. An average store would have a power of 100. This term is sometimes referred to as "image" or "flavor"
Trade Area	Geographical boundary outlined within a study.
Competitive Density	Total grocery square feet within the trade area divided by trade area population. Grocery square footage in the trade area is adjusted (typically reduced) based on proximity to the subject store.
Median Home Value Index	The median value of homes in the primary trade area relative to the median value of homes in the CBSA. The index can be used as another method to assess trade area affluence.

FIT (additional information)

The FIT program breaks down the single, all-encompassing POWER or IMAGE estimate to its two (2) core elements:

1. The specific appeal of the store format to different socio-economic groups, i.e. ethnic, income, age, and household size categories.

2. The (residual) POWER/IMAGE of the store, i.e. the qualities of its site characteristics (access, parking, and visibility), store operations, merchandising, etc.

The FIT program has been developed by DSR Marketing Systems Inc. (DSR) and Richards Consulting LLC through the analysis of Image Audit consumer research surveys conducted throughout the U.S. and Canada over the last ten (10) years. The development of this unique proprietary data base has enabled the direct linkage of demographics, store formats, and shopping patterns.

All population, demographic, and lifestyle data provide by: