CONFIDENTIAL INFORMATION

Report Date: March 29, 2017
Field Research Date: March 2017

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Store Name	Sales Area	Year 1	Year 1 $/Sq. Ft.	Year 2	Year 2 $/Sq. Ft.	Year 3	Year 3 $/Sq. Ft.	FIT Power
Natural Grocers	14,500	$170,000	$11.72	$185,000	$12.76	$195,000	$13.45	117

Site Evaluation

Criteria	0 — 4
North Access	███
South Access	████
East Access	████
West Access	████
Ingress/Egress	███
North Visibility	███
South Visibility	██
East Visibility	██
West Visibility	████
North Pop Density	████
South Pop Density	████
East Pop Density	████
West Pop Density	████

Traffic Controls:
Fully-signalized intersection with left turn only off of S Carroll Ave. There are secondary, signalized access points into the center off of both major arterials.

Street Conditions:
E Southlake Blvd is a major 6-lane east/west arterial with a center turn median at the site intersection. S Carroll Ave is also a major 4-lane roadway that flows north/south. It has a designated left-turn lane at the site intersection.

Cotenants:
Located in the Park Village center, there are possibly 40+ retail tenants when the center is fully occupied.

Affected Sister Store(s):
Natural Grocers (map key 100.0) $3k or 2.0%

Comments:
This is a new grocer scenario back-filling a vacant The Fresh Market store and upgrading/resetting the facility with the newest grocery merchandising decor and format suitable for a Natural/Organics operator.

Southlake, Texas
Site: SWC S Carroll Ave & E Southlake Blvd

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NATURAL
GROCERS

Population Sectors & Projected Market Shares

Current Stores Summary

Map Key	Store Name	Address or Intersection	City	Volume	SSQFT	SFSQFT	PWSA	Curve	FIT Power
8.0	Central Market	SEC of E Southlake Blvd & Carroll Ave	Southlake	$1,015,000	$18.80	54,000	87	60	183
9.0	Trader Joes	NWC of E Southlake Blvd & Central Ave	Southlake	$480,000	$53.33	9,000	85	45	308
10.0	Kroger	NEC of E Southlake Blvd & S Village Center Dr	Southlake	$740,000	$15.48	47,800	95	55	144
7.0	Tom Thumb	NWC of W Southlake Blvd & N White Chapel Blvd	Southlake	$495,000	$11.81	41,900	95	57	107
12.0	Walmart SC	NWC of Ernest Dean Pkwy & Ira E Woods Ave	Grapevine	$975,000	$17.41	56,000	90	50	130
11.0	Tom Thumb	SEC of S Park Blvd & W Northwest Hwy	Grapevine	$510,000	$11.43	44,600	90	54	99
21.0	Market Street	EC of Colleyville Blvd & Church St	Colleyville	$800,000	$15.38	52,000	50	75	168
16.0	Walmart SC	NEC of N Tarrant Pkwy & Davis Blvd	North Richland Hills	$865,000	$16.63	52,000	55	63	121
17.0	Kroger	SWC of N Tarrant Pkwy & Precinct Line Rd	North Richland Hills	$825,000	$11.00	75,000	54	77	109
23.0	Albertsons	NWC of W Glade Rd & Hwy 121	Colleyville	$525,000	$10.89	48,200	45	65	86
3.0	Tom Thumb	NEC of Hwy 114 & Trophy Lake Dr	Roanoke	$565,000	$12.47	45,300	55	76	114
2.0	Walmart SC	SEC of Hwy 377 & Marshall Creek Rd	Roanoke	$1,075,000	$20.67	52,000	30	68	150
Average				**$739,167**	**$15.35**	**48,150**	**69**	**62**	**143**

Projected Stores Summary

Map Key		Store Name	Address or Intersection	City	Volume	SSQFT	SFSQFT	PWSA	Curve	FIT Power
8.0		Central Market	SEC of E Southlake Blvd & Carroll Ave	Southlake	$1,046,000	$19.38	54,000	87	60	183
9.0		Trader Joes	NWC of E Southlake Blvd & Central Ave	Southlake	$519,000	$57.65	9,000	85	45	308
10.0		Kroger	NEC of E Southlake Blvd & S Village Center Dr	Southlake	$764,000	$15.98	47,800	95	55	144
7.0		Tom Thumb	NWC of W Southlake Blvd & N White Chapel Blvd	Southlake	$521,000	$12.44	41,900	95	57	107
12.0		Walmart SC	NWC of Ernest Dean Pkwy & Ira E Woods Ave	Grapevine	$1,020,000	$18.22	56,000	90	50	130
11.0		Tom Thumb	SEC of S Park Blvd & W Northwest Hwy	Grapevine	$476,000	$10.68	44,600	90	54	99
21.0		Market Street	EC of Colleyville Blvd & Church St	Colleyville	$798,000	$15.34	52,000	50	75	168
101.0	*	**Tom Thumb**	**SWC of William D Tate Ave & Hall-Johnson Rd**	**Grapevine**	**$460,000**	**$11.85**	**38,800**	**60**	**65**	**120**
16.0		Walmart SC	NEC of N Tarrant Pkwy & Davis Blvd	North Richland Hills	$937,000	$18.01	52,000	55	63	121
17.0		Kroger	SWC of N Tarrant Pkwy & Precinct Line Rd	North Richland Hills	$876,000	$11.68	75,000	54	77	109
23.0		Albertsons	NWC of W Glade Rd & Hwy 121	Colleyville	$474,000	$9.84	48,200	45	65	86
100.0	*	**Natural Grocers**	**NEC of Keller Pkwy & Keller Smithfield Rd S**	**Keller**	**$149,000**	**$12.99**	**11,500**	**70**	**85**	**110**
3.0		Tom Thumb	NEC of Hwy 114 & Trophy Lake Dr	Roanoke	$662,000	$14.60	45,300	55	76	114
2.0		Walmart SC	SEC of Hwy 377 & Marshall Creek Rd	Roanoke	$1,273,000	$24.47	52,000	30	68	150
1000.0		Natural Grocers	SWC S Carroll Ave & E Southlake Blvd	Southlake	$170,000	$11.87	14,500	85	60	117
Average					**$676,333**	**$15.79**	**42,840**	**70**	**64**	**138**

*** Store Changes**

Source of Volume (000's)

Store Name	Address or Intersection	Map Key	Fit Store Power	Miles From Site	Sales Area*	Est. Total Area*	Sales as of Research Date (000)	+Pop Grwth, Infl. & Comp. Chngs. (000) - Do Nothing	Contribution to Site	Share of Comp. Sales	Resulting Volume
Company Stores											
Natural Grocers	**SWC S Carroll Ave & E Southlake Blvd**	**1000.0**	**117**		**14,500**	**21,000**					**$170**
Natural Grocers	NEC of Keller Pkwy & Keller Smithfield Rd S	100.0	110	4.7	11,500	15,000	$0	$152	$3	2.0%	$149
Average Power			**110**						**$3**		
Existing Competition											
Central Market	SEC of E Southlake Blvd & Carroll Ave	8.0	183	0.3	54,000	72,000	$1,015	$1,081	$35	3.2%	$1,046
Trader Joes	NWC of E Southlake Blvd & Central Ave	9.0	308	0.4	9,000	12,000	$480	$525	$6	1.1%	$519
Kroger	NEC of E Southlake Blvd & S Village Center Dr	10.0	144	0.9	47,800	64,000	$740	$788	$24	3.0%	$764
Tom Thumb	NWC of W Southlake Blvd & N White Chapel Blvd	7.0	107	0.9	41,900	56,000	$495	$538	$16	3.0%	$521
Walmart SC	NWC of Ernest Dean Pkwy & Ira E Woods Ave	12.0	130	2.1	56,000	75,000	$975	$1,034	$14	1.4%	$1,020
Tom Thumb	SEC of S Park Blvd & W Northwest Hwy	11.0	99	2.3	44,600	59,000	$510	$489	$12	2.5%	$476
Market Street	EC of Colleyville Blvd & Church St	21.0	168	3.6	52,000	69,000	$800	$811	$14	1.7%	$798
Walmart SC	NEC of N Tarrant Pkwy & Davis Blvd	16.0	121	3.9	52,000	69,000	$865	$943	$6	0.6%	$937
Kroger	SWC of N Tarrant Pkwy & Precinct Line Rd	17.0	109	4.0	75,000	100,000	$825	$885	$9	1.0%	$876
Albertsons	NWC of W Glade Rd & Hwy 121	23.0	86	4.5	48,200	64,000	$525	$481	$7	1.5%	$474
Tom Thumb	NEC of Hwy 114 & Trophy Lake Dr	3.0	114	5.7	45,300	60,000	$565	$669	$7	1.0%	$662
Walmart SC	SEC of Hwy 377 & Marshall Creek Rd	2.0	150	6.9	52,000	69,000	$1,075	$1,279	$6	0.5%	$1,273
Average Power			**143**						**$156**		
Proposed Competition											
Tom Thumb	SWC of William D Tate Ave & Hall-Johnson Rd	101.0	120	3.9	38,800	52,000	$0	$467	$7	1.5%	$460
Average Power			**120**						**$7**		

Sales Potential (000's)	
Assume Store Opens 2019	
2020 - After Open 1 Year	$170

Sales Transfers from Company Stores	$3
Sales Transfers from Competitor Stores	$163
Total Sales Transfers	$166
Percent of Sales Explained After One Year	97.6%

* Area devoted to Food Group.

* Inclusion of Non Company Stores limited to >$5k contribution.

Note: Sales effects based on gravity model analysis.

Sales Potential

Assume Store Opens 2019:

After Open 1 Year	**$170,000**
After Open 2 Years	**$185,000**
After Open 3 Years	**$195,000**
After Open 4 Years	**$205,000**
After Open 5 Years	**$215,000**

Projected Primary Trade Area Market Share	2.50%
Assumed Store Size - Sales Area	14,500
Assumed Power	85
Calculated FIT Power	117
Estimated Annual Inflation Rate	1.5%
Additional Estimated Annual Acceptance Rate	
2nd Year Ending	5.0%
3rd Year Ending	3.0%

Primary Trade Area Forecast Details

Population Data

Feb 2020	27,172
Feb 2021	27,587
Feb 2022	28,010

2016 Radius Population

Within 1 Mile	5,481
Within 2 Miles	18,886
Within 3 Miles	58,603
5 Year Projected Population Growth	6.5%

Estimated Household and Conventional Supermarket Data

|	
Average Persons/Household	3.21
Average Household Income	$238,769
Avg. Weekly Per Capita Expenditure	$64.23
Total $ Available	$1,745,867

$1075
$1279
$6
0.5%
$1273
2.0

$565
$669
$7
1%
$662
3.0

$0
$152
$3
2%
$149
100.0

$495
$538
$16
3%
$521
7.0

$480
$525
$6
1.1%
$519
9.0

$740
$788
$24
3%
$764
10.0

$975
$1034
$14
1.4%
$1020
12.0

$510
$489
$12
2.5%
$476
11.0

$1015
$1081
$35
3.2%
$1046
8.0

$865
$943
$6
0.6%
$937
16.0

$825
$885
$9
1%
$876
17.0

$800
$811
$14
1.7%
$798
21.0

$0
$467
$7
1.5%
$460
101.0

$525
$481
$7
1.5%
$474
23.0

Mount Gilead Rd
Florence Rd
Dove Rd
Southlake
Grapevine
E Dallas Rd
Colleyville
Dallas-Fort Worth International
Flower Mound
Rufe Snow Dr

0   0.8   1.6   2.4 mi

1. Field Research Date Volume
2. Forecast Volume Including
Competitive Changes
3. $ Transferred to Site
4. % of Volume Transferred
5. Projected Volume Forecast
6. Map Key

⭐ Site
🔴 - Albertsons
🔵 - Central Market
🟡 - Kroger
🟢 - Market Street
⚪ - Natural Grocers
🟠 - Tom Thumb
🟣 - Trader Joes
🟤 - Walmart SC
N Trade Area

FIT Score: Natural / Organic
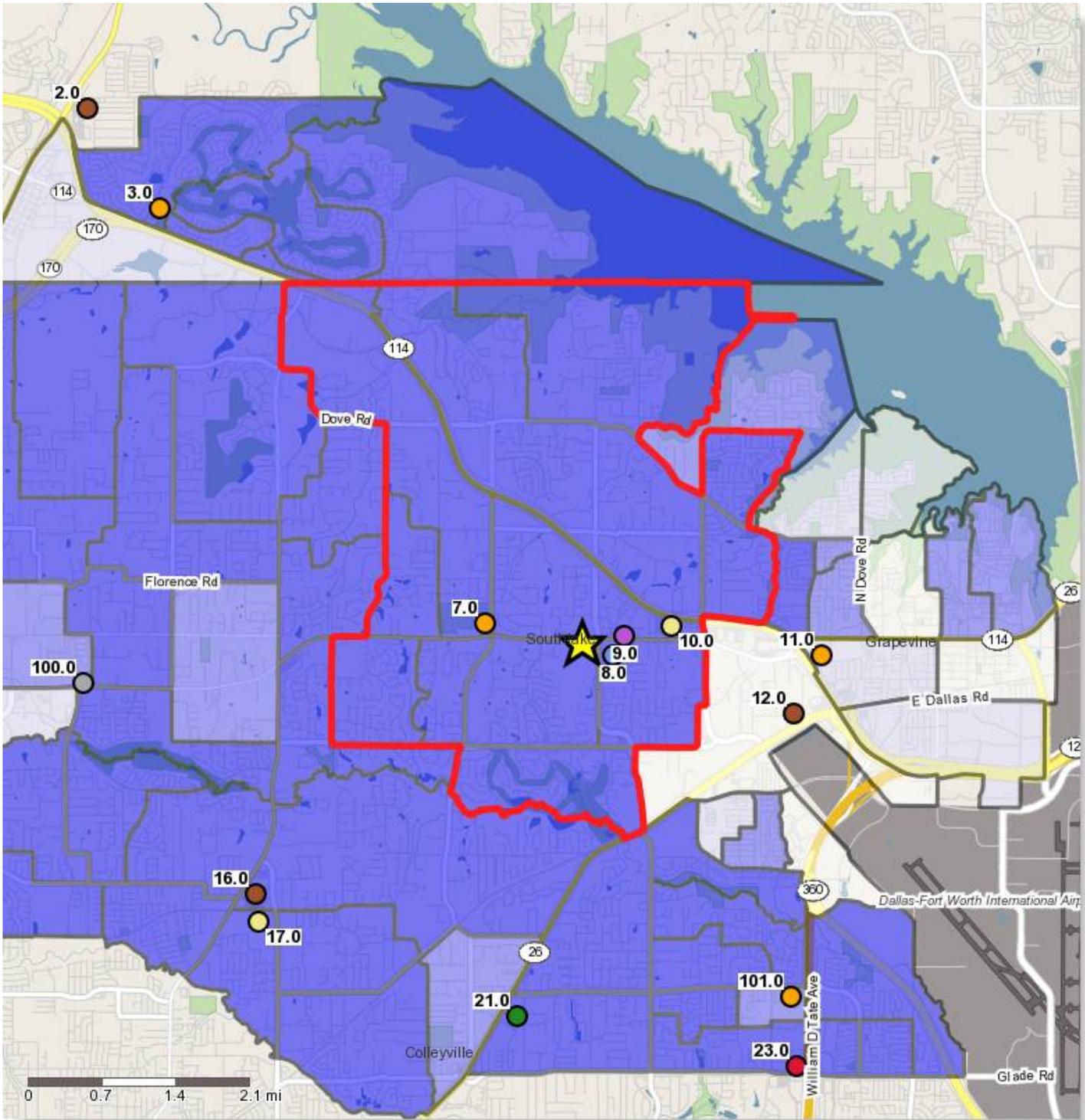
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⭐ Site
🔴 - Albertsons
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🟠 - Tom Thumb
🟣 - Trader Joes
🟤 - Walmart SC
N Trade Area

🟦 125+ Very High
🟦 100 to 125
⬜ 75 to 100
⬜ 0 to 75 Very Low

Demographics

Population Profile: Growth / Ethnicity / Sex / Age

Population	Trade Area
2000	18,095
2010	22,624
2015	25,832
2019	28,041
2024	30,133

PTA Population
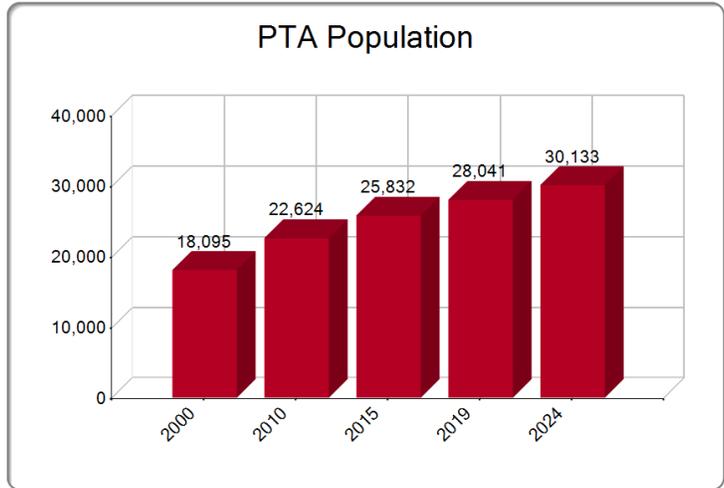
Ethnicity	
White	83.5%
Black	2.0%
Asian	6.7%
Hispanic	5.5%
Other	2.3%
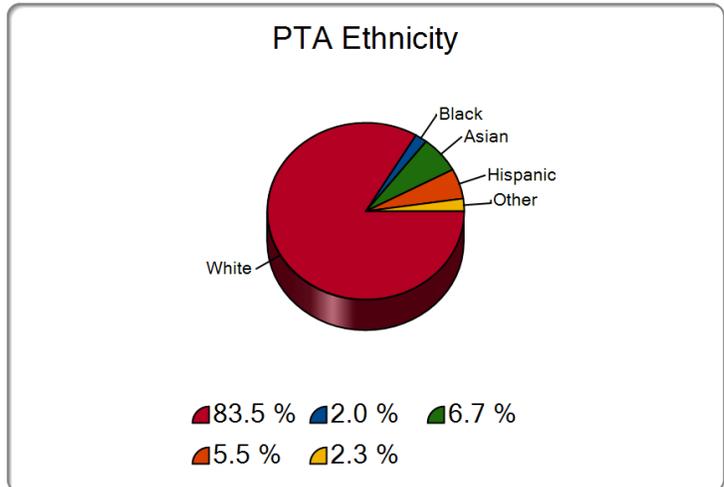
Language	
English Only	89.4%
Spanish or Spanish Creole	3.5%
Asian/Pacific	3.4%
European/Indo-European	3.0%
Other	0.7%

PTA Ethnicity

83.5 %   2.0 %   6.7 %
5.5 %   2.3 %

Sex	
Male	49.9%
Female	50.1%

Age	
Under 5	4.5%
5 to 13	10.2%
14 to 17	9.0%
18 to 21	11.4%
22 to 24	3.9%
25 to 34	6.4%
35 to 44	6.6%
45 to 54	19.5%
55 to 64	18.8%
65 to 74	7.5%
75 & Over	2.2%
Median Age	43.3

PTA Age
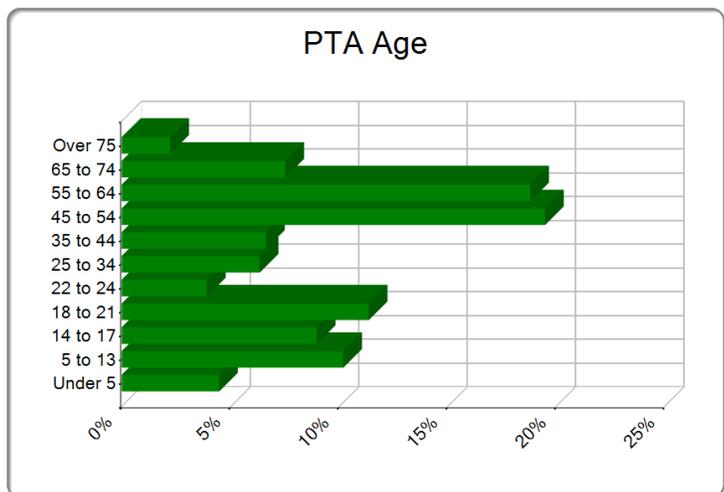
Housing Profile: Growth / Status / Income

Households	Trade Area
2000	5,496
2010	6,999
2015	7,972
2019	8,645
2024	9,286

Growth Trend

2010-2015	14.2%
2015-2024	16.6%

2016 Household Status

Married	85.4%
Male Householder	1.0%
Female Householder	4.6%
One Person	7.6%
Non-Family	1.5%

2016 Income Summary

Household Average	$246,611
Per Capita	$76,106

2019 Income Summary

Household Average	$264,824
Per Capita	$81,644

2016 Household Income

Under $30k	5.7%
$30k to $50k	4.7%
$50k to $70k	4.8%
$70k to $100k	8.8%
$100k to $125k	8.0%
$125k to $150k	7.6%
$150k to $175k	10.0%
Over $175k	50.5%

Households

Family Household Status

Income Distribution by Household
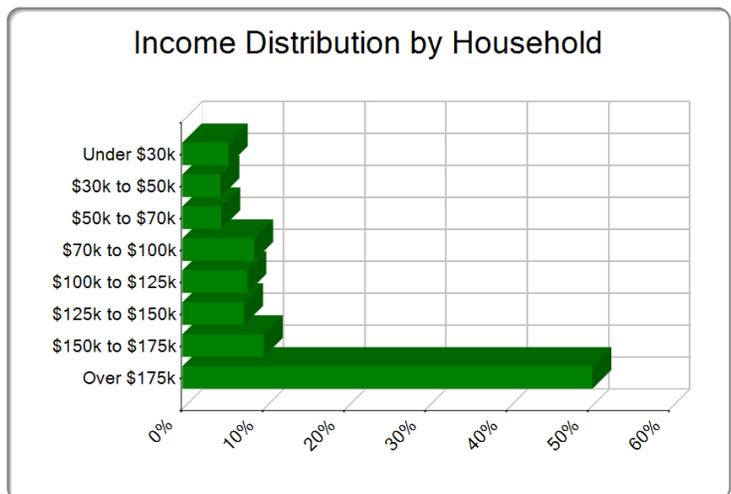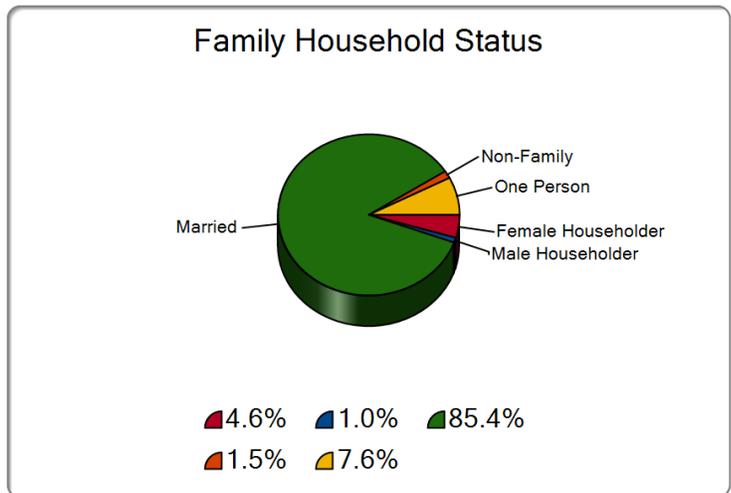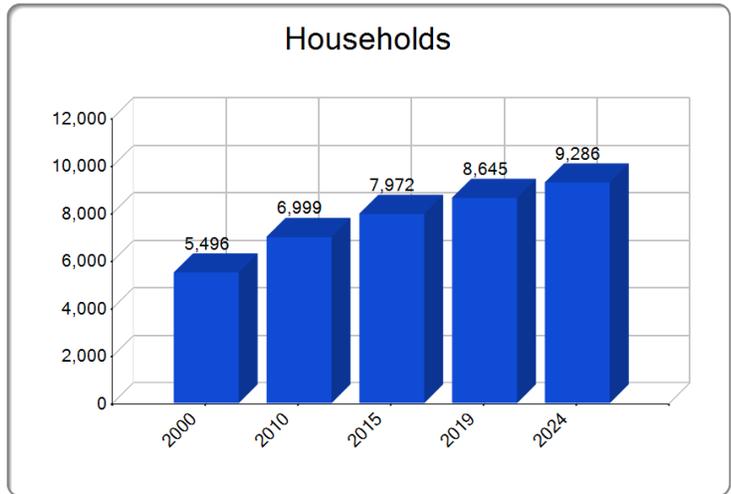
Population Profile: Occupation / Education

Labor Force	Trade Area
Participation Rate	97.69%
In the Labor Force	13,378

Occupations

Blue Collar	13.3%
White Collar	86.7%

Educational Attainment

Educated Population	15,770
Under 12	1.2%
High School	8.0%
Some College	21.6%
College Degree	69.2%

Group Quarters

2000	5
2010	0
2015	0
2019	0
2024	0

Educational Attainment - Age 15+

College Degree
Under 12
High School
Some college

■ 1.2% ■ 8.0% ■ 21.6% ■ 69.2%

Group Quarters
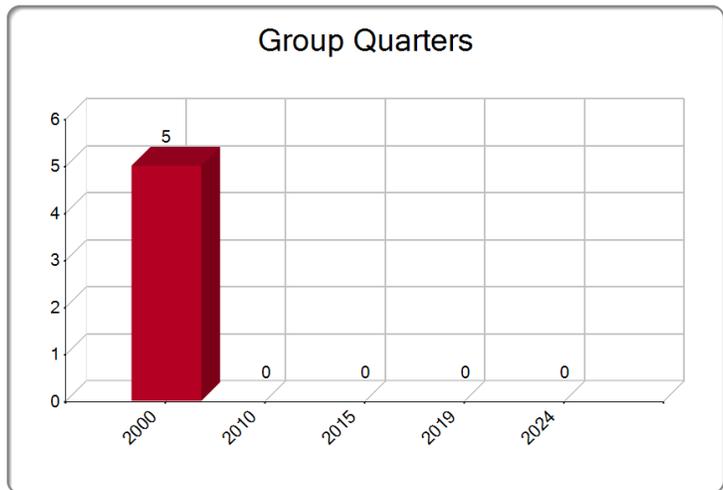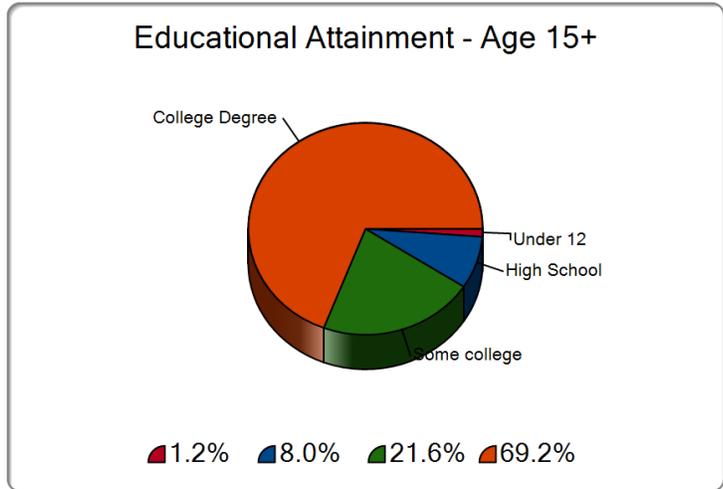
Assumptions and Notations

The projection and data within this marketing package takes into account the following assumptions:

1. Annual inflation will remain at 1.5%.

2. New store pricing will be competitive & consistent with company price model.

3. New store will offer the level of customer service offered in other company stores.

4. The proposed new facility will achieve acceptance levels consistent with other company stores.

5. The store will maintain competitive hours of operation.

6. Advertising will reach customers in the Primary Trade Area.

7. The store will maintain adequate stock for advertised and unadvertised items.

8. The economy will remain stable for the study time frame.

9. No competitive changes, other than cited in this report, will occur during the timeframe of this report. The likelihood of additional competitive changes increases with the passage of time.

10. "After Open 1 Year" represents the store's potential at the end of the first full year of operation and includes known competitive changes and the listed growth factor for population and inflation. In addition, the 2nd and 3rd year estimates include the listed acceptance (maturation) factor based on analogs for similar stores.

All population, demographic, and lifestyle data provided by: Experian Marketing Services   SYNERGOS TECHNOLOGIES, INC.

Glossary of Terms

Leakage   The portion of the potential grocery dollars within the trade area that is not captured by the identified stores. This term is sometimes referred to as *float*.

Market Share   The percent of the potential obtained from the total available grocery dollars in a given area.

Model   A model is a collection of data that represents a study area on one specific date. Most models include data about stores, population, and trade area dynamics.

PCW   Per Capita Weekly Expenditure - This is the monetary amount that the average person is expected to spend on a specific commodity (such as food) over a specified week.

Potential   The total amount of dollars available for the purchase of a specified type of goods within a given population. Normally, the potential can be calculated by multiplying the PCW times the population.

Power   A measure of a stores 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*.

PWTA   Percent Within Trade Area - This is a percentage from 0 to 100 which measures the amount of store volume that is captured from within the trade area.

Sector   A discrete geographic unit with known boundaries. Most analysts prefer to use census tracts (or a portion) as one sector. This provides a known starting point for population and a verifiable boundary.

Trade Area   Geographic boundary outlined within a study.

FIT

The Excel-based FIT program identifies how well a store format fits the demographic profile of an individual trade area. It is a computer program that can address the segmentation-blind weak-point of traditional gravity models, and update them to cope with the proliferation of highly-differentiated grocery store formats.

Essentially, 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 database has enabled the direct linkage of demographics, store formats, and shopping patterns.

FIT incorporates data on the following thirteen (13) grocery store formats:

1. Club - BJs Wholesale, Costco Wholesale, Sam's Club
2. Conventional - Albertsons, Giant, Safeway, Stop & Shop
3. Discount - Dollar General Market, Grocery Outlet
4. Hispanic - Amigos, Fiesta Foods, Mi Tienda, Vallarta
5. Natural/Organic - The Fresh Market, MOM's, New Seasons, PCC
6. Quality/Service - Harris Teeter, Wegmans
7. Supercenter - Fred Meyer, Meijer, Super Target, Walmart SC
8. Warehouse Store - Buy For Less, Cub Foods, Food 4 Less, WinCo
9. Aldi - Aldi
10. Save A Lot - Save A Lot
11. Sprouts - Sprouts
12. Trader Joe's - Trader Joe's
13. Whole Foods - Whole Foods

ABOUT MTN RETAIL ADVISORS

MTN Retail Advisors, LLC is a premier site location company specializing in locating and validating sites for grocery store anchored developments. MTN Retail Advisors works directly with developers and grocery retailers, assisting in the site location process. MTN is comprised of former supermarket-employed site location analysts, skilled in the process of locating and validating future development opportunities. Additionally, MTN Retail Advisors employs an experienced Demographic/Residential analyst, skilled in assessing characteristics unique to each specific trade area and a GIS (Geographic Information Systems) specialist, skilled in high level mapping techniques. With a combined experience of over 60+ years in the supermarket site location industry, MTN Retail Advisors have the knowledge and skills essential to validating supermarket locations.

METHODOLOGY

MTN Retail Advisors utilizes the same processes and strategies as employed internally within the supermarket industry. The site evaluation process is a three-tiered process of 1) fieldwork data gathering; 2) computer gravity-model simulation of the existing market; and 3) computer gravity-model simulation of the projected market.

Fieldwork Data

The process of fieldwork includes visiting all major grocery competition within the defined trade area as a means of recording the physical attributes of each facility (sales area size, total store size, store features) and extracting weekly sales volumes. Additionally, MTN Retail Advisors reviews the market for grocery-related competitive changes anticipated to occur within the trade area.

Simulation of Existing Market

Upon completion of the fieldwork evaluation of existing grocery store competition and residential housing activity, MTN Retail Advisors enters the pertinent store/demographic data into a computer market simulation model. This model now represents the current grocery study area and is utilized to evaluate detailed market shares for each store based on a block group level geography. The model allows MTN to determine the overall strength of each individual grocery competitor and access the specific trade area of each store. General market characteristics, such as total grocery trade area potential, specific total chain volume with market shares and demographic assessments, are also determined. All of this information is used to simulate the existing grocery market for the trade area.

Simulation of Projected Market

Once the existing grocery market is simulated, the information is forwarded to a tactical, or projected, market scenario. Within the computer gravity-model analysis, all known grocery-related competitive activity is incorporated allowing projected market shares and trade area volume impacts to be determined for existing and planned grocery stores. Following the market share assignment for all existing and planned grocery competition, the computer gravity-model is utilized to extract market share opportunities for all applicable grocery operators within the defined trade area.

Specific Grocery Operator/Market Considerations

Given the features that differentiate niche supermarket operators (primarily the natural/organic foods selection) from conventional supermarket operators, special attention is given to the potential sites selected for these unique operators. Conventional grocery operators, such as Safeway and Giant Food, have considerably smaller trade areas, due to their generic offerings and the presence of more competition. Conversely, a Whole Foods, The Fresh Market, or Trader Joes experiences much larger trade areas with their destination type format. Throughout the computer-gravity model process, MTN Retail Advisors carefully weighs the ability for each facility to attract customers beyond the typical two or three mile trade area.