

WASHINGTON PRIME GROUP™



DEFENSE OF DOMINANT SECONDARY RETAIL ASSETS

Updated June 2019

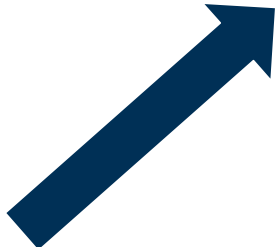
DEFENSE OF DOMINANT SECONDARY RETAIL ASSETS

Common 'Wisdom': U.S. is over-retailed and this saturation/supply is evenly distributed across all markets

Fact: On a per capita basis, the 12 largest MSAs exhibit 54.9 SF of Retail GLA per capita which equates to a factor >2.0x greater when compared to the 26.8 SF present within the remainder of the United States.

Substantiation:

Metropolitan Statistical Area (MSA)	Census Population ¹	Reported Retail GLA ²	Retail GLA per capita
New York-Newark-Jersey City, NY-NJ-PA MSA	20,320,876	797,078,080	39.2
Los Angeles-Long Beach-Anaheim, CA MSA	13,353,907	626,091,729	46.9
Chicago-Naperville-Elgin, IL-IN-WI MSA	9,533,040	588,948,594	61.8
Dallas-Fort Worth-Arlington, TX MSA	7,399,662	428,992,419	58.0
Houston-The Woodlands-Sugar Land, TX MSA	6,892,427	388,227,372	56.3
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	6,216,589	302,315,261	48.6
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA	6,096,120	593,758,084	97.4
Miami-Fort Lauderdale-West Palm Beach, FL MSA	6,158,824	323,229,689	52.5
Atlanta-Sandy Springs-Roswell, GA MSA	5,884,736	368,113,149	62.6
Boston-Cambridge-Newton, MA-NH MSA	4,836,531	345,109,302	71.4
San Francisco-Oakland-Hayward, CA MSA	4,727,357	285,454,374	60.4
Phoenix-Mesa-Scottsdale, AZ MSA	4,737,270	230,733,873	48.7
12 Largest MSAs	96,157,339	5,278,051,926	54.9
Remainder	229,561,839	6,151,798,074	26.8
Total USA (2017)	325,719,178	11,429,850,000	35.1



The 12 largest MSAs exhibit >2.0x times the Retail GLA per capita when compared to the rest of the US.

While certain secondary MSAs are similarly over retailed, on average, secondary MSAs are dramatically underserved and rely upon regional retail venues which often capture a two or three county catchment.

Bottom Line: US over retailed and primary MSAs even more so

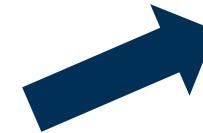
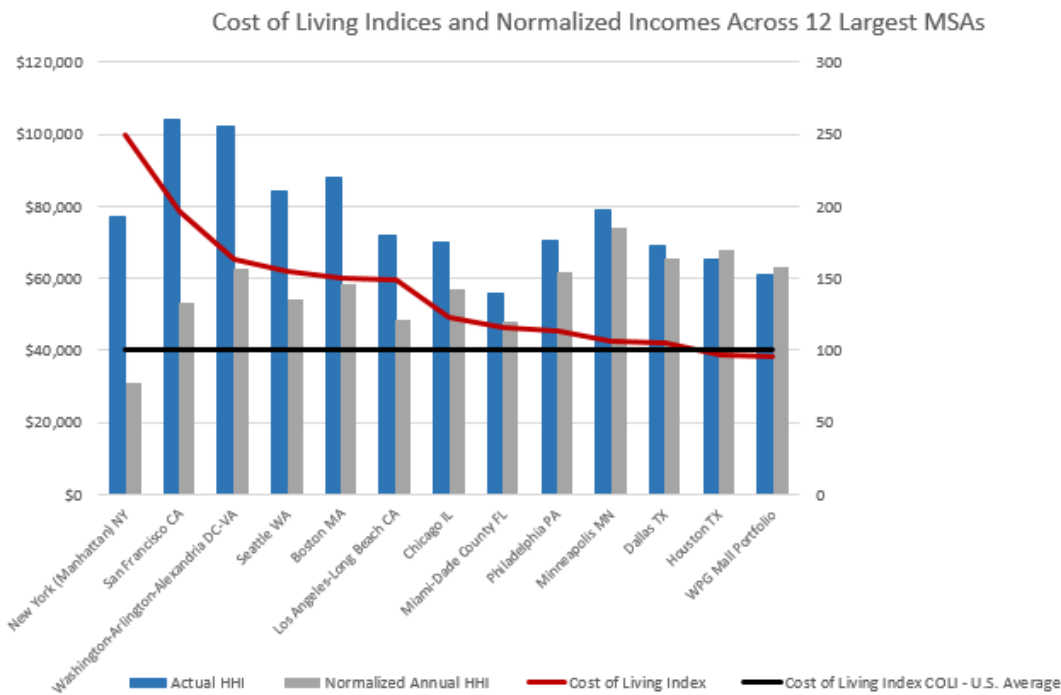
Sources: (1) US Census Bureau; (2) CoStar Group data as of APR 17

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Common 'Wisdom': The average Household Income of the MSA served by a retail venue should significantly exceed the national average in order for the asset to be characterized as successful.

Fact: There exists a meaningful income 'boost' to those constituents residing within MSAs with lower COLI adjusted scores as they benefit from greater purchasing power for the same dollars earned when compared to primary MSAs.

Substantiation:



After COLI adjustment, normalized Household Incomes (national average \$56,500), suggest constituents residing within WPG catchment benefit from comparative income increases compared to primary MSAs

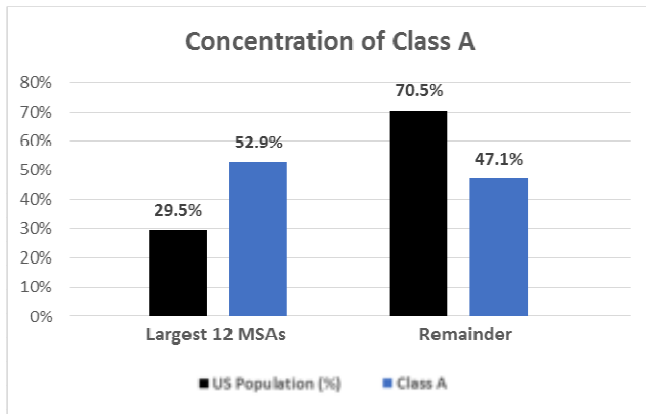
Bottom Line: After COLI adjustment, assets located in markets such as Johnson City, TN and Kokomo, IN look pretty darn attractive

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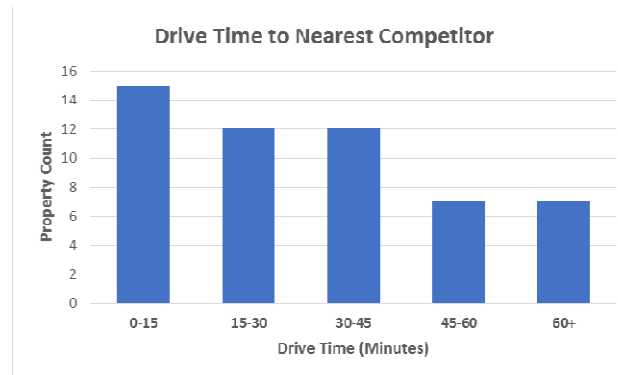
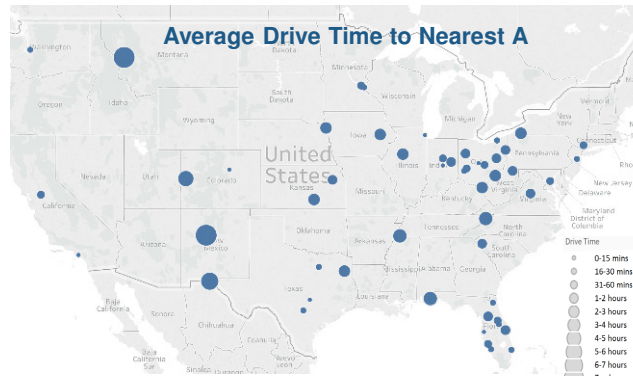
Common 'Wisdom': Class A and 'dominant' are unequivocally interchangeable when referring to retail venues and Sales PSF of \$500 or greater is a steadfast requirement.

Fact: Traditionally defined Class A assets do not serve majority of the US population.

Substantiation:



~30% of the population situated within the largest 12 MSAs are served by 118 Class A assets while the other 70% of the population are served by just 105



WPG assets AVG 36 minute drive time to nearest competitor and ~85 minute drive time to nearest Class A asset*

Sales PSF is an important determinant and should be coefficient weighted accordingly, however, other factors deserve assessment including catchment radius, competition proximity, Cost of Living Indexation (COLI) and occupancy efficacy;

Bottom Line: Class A assets concentrated within primary MSAs while secondary catchments hanker for differentiated goods and services

Source: Company analysis

*Includes WPG Enclosed assets with grade below Class A. The nearest competitor is defined as an Enclosed and comparable asset with the same letter grade or higher. Class A is defined by third-party research firm.