



ICSC *As One*

CEO Update

Tom McGee

Brick and mortar retailers continue to drive holiday sales

- Total sales estimated to be at least **~\$680B**, **85%** were by retailers with a physical presence
- **90%** of shoppers made purchases from retailers with a physical presence
- Shoppers spent an average of **\$842** on gifts and holiday-related items, an **18%** increase over 2016
- **90%** of click-and-collect shoppers made an additional in-store purchase
- **42%** of shoppers dined and **27%** watched a movie while visiting shopping centers over the weekend



ICSC was very active in the media this holiday season

Shopping for the Truth

WSJ microsite: shoppingforthetruth.com

Information placements & links

- WSJ print
- WSJ iPhone & iPad apps
- Barron's
- Seeking Alpha

Selected Media Interviews & Engagement

- Fox Business News
- Bloomberg TV & Radio
- CNN
- Associated Press
- Yahoo Finance
- WSJ editorial board
- Satellite media tour
- NBC

SHOPPING FOR THE TRUTH

PAID PROGRAM –
WHAT'S THIS?

ICSC

WSJ CUSTOM STUDIOS



Shopping center occupancy rates stand at a full 93.2%.

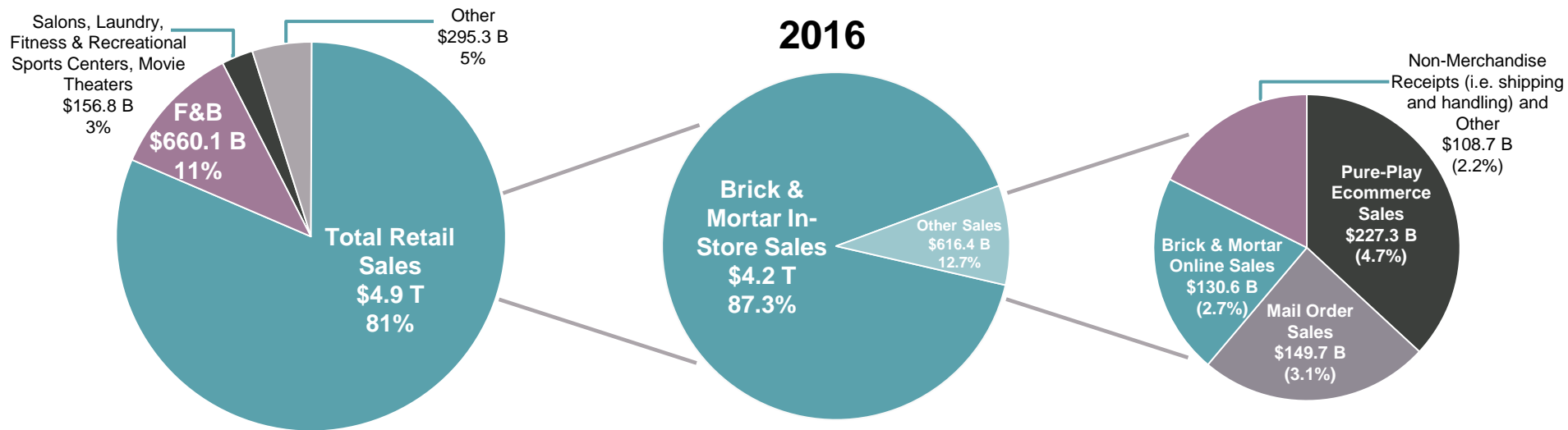
TRUE

Source: National Council of Real Estate Investment Fiduciaries

SHARE

↓

Retail real estate is becoming consumer real estate



	Total Brick & Mortar Retail Sales	Food & Beverage	Pure-Play Ecommerce
2016 Sales (in billions)	\$4,377.1	\$660.1	\$227.3
Growth since 2013	\$290.5	\$116.8	\$89.5
% Growth	7.1%	21.5%	64.9%

Major global trends impacting our industry

Technology



Omnichannel



E-Commerce



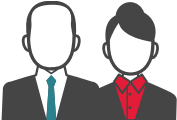
Customer Engagement



Demographics



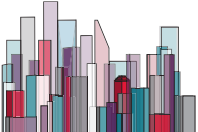
Baby Boomers



Millennials



Urban Density



Consumer



Personalization



Experience



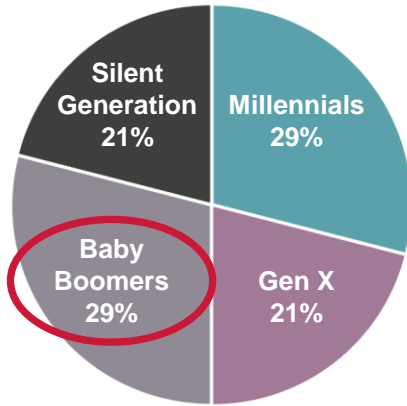
Value



Demographic and macro economic factors are creating unique pressures for retail

2000

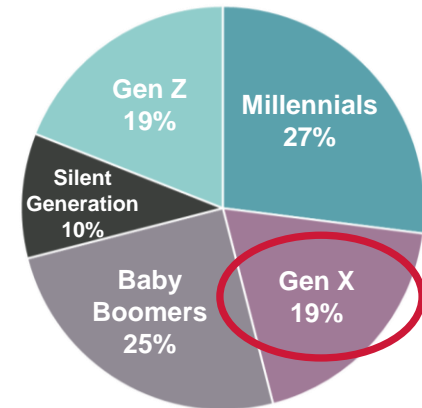
Total Population: 281 Million



Loss of 21M Consumers

2015

Total Population: 321 Million



Inflation

<2%

GDP

2%

Median Household Income

Flat

New Home Sales

Still Below 2007

Existing Home Sales

2007 Levels

The Millennial Consumer

Who they are

Education



Income



Habitation



Marital Status

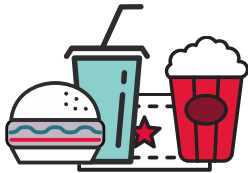


Kids



What drives them

Experience



Personalization /
Authenticity



Technology



Health



Social Good



Impact of Tax Reform on retail real estate

Provisions that were preserved

- Capital Gains Rate
- 1031 Like-Kind Exchanges

Some of what was impacted

- Corporate Rate
- Individual Rates
- Pass-Through Provisions
- Carried Interest
- Interest Deduction
- Expensing/Cost Recovery
- NOLs
- SALT Deduction



Latest activity on e-fairness

January 27, 2016:

South Dakota S.B. 106 introduced

March 25, 2016:

South Dakota sends notices to 206 out-of-state online sellers about their obligation to collect sales taxes

March 6, 2017:

South Dakota Circuit Court rules in favor of online retailers that SB 106 violates *Quill*

October 2, 2017:

South Dakota files petition for a writ of certiorari with SCOTUS

January 2018:

SCOTUS expected to grant / deny cert

March 22, 2016:

S.B. 106 is signed into law by Gov. Dennis Daugaard

April 28, 2016:

South Dakota files suit against Wayfair, Newegg, Overstock.com and Systemax for failure to comply with the law. American Catalog Mailers Association and NetChoice countersue the state

September 14, 2017:

South Dakota Supreme Court rules in favor of online retailers

November 2, 2017:

15 amicus briefs in support of South Dakota are filed, including one by ICSC

April 2018:

Oral arguments may be scheduled, if SCOTUS grants cert



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