

marketplace of ideas



*Serving the Global Retail Real Estate Community for 50 Years*



The International Council of Shopping Centers, Inc. (ICSC) is the global trade association of the retail real estate industry. Our networking, research, education, communication, and advocacy initiatives promote innovation and partnership, explore emerging markets, and advance the interests of the shopping center industry.

ICSC's 65,000 members in 92 nations include shopping center owners, developers, managers, marketing specialists, investors, lenders, and retailers, as well as students, academics, and public officials. Each year, we collaborate with more than 25 national and regional shopping center councils throughout the world.

We invite you to learn more about ICSC and our role as the industry's *marketplace of ideas* in the pages of this annual report. Discover the many ways ICSC can serve your needs and join us in creating the future of the world's shopping center industry.

1957: **7** 1967: **2,100** 1977: **5,500** 1980: **10,000**

### *Celebrating 50 Years as the Industry's Marketplace of Ideas*

In 1957 seven businessmen gathered in Chicago's Palmer House to discuss forming a shopping center trade association. While each man put up just \$500 to incorporate the organization, each also took a substantial risk — sharing his entrepreneurial vision for the collective benefit of an industry that barely existed.

This concept of exchanging knowledge to further the industry permeates ICSC history. From the first Idea Exchange in 1960 to the University of Shopping Centers debut in 1963, the premier European Summit in 1976 to the ICSC First World Congress in Hong Kong in 1990, members have helped each other build successful careers and a flourishing industry.

As membership grew — from 2,100 members in 1967 to 25,000 in 1988 to 65,000 in 92 countries in 2006 — the influence of the industry network grew as well. Educational programs and conferences became the pulse of professional's lives, giving them the tools they needed to succeed. In-depth research, such as the landmark 1965 parking space study, and new publications, including the arrival of *Shopping Centers Today* in 1978, gave members, community groups, elected officials, and economic analysts consistent, accurate information for the first time.

over the first 50 years, ICSC membership has grown to **65,000** in more than 92 countries

1995: **30,000** 2006: **65,000**

ICSC initiated education campaigns on behalf of the industry that have addressed such critical issues as child safety, drug abstinence, minority entrepreneurship, and recycling, and has contributed substantially to relief efforts following natural disasters and the September 11th tragedies.

As ICSC celebrates its 50th Anniversary, we take pride in the evolution of our industry from the vision of our founders to the realization of local and international opportunity. Yet, more than pride in the past, confidence in the future is what compels our attention. In 2007 and beyond, ICSC will continue to serve the needs and goals of our members and advance what has become a truly global retail real estate industry.

\* 1976 First Spring Convention held in Las Vegas with nearly 6,000 registrants. U.S. President Gerald Ford delivers keynote address. ICSC goes global with first overseas conference in Paris.



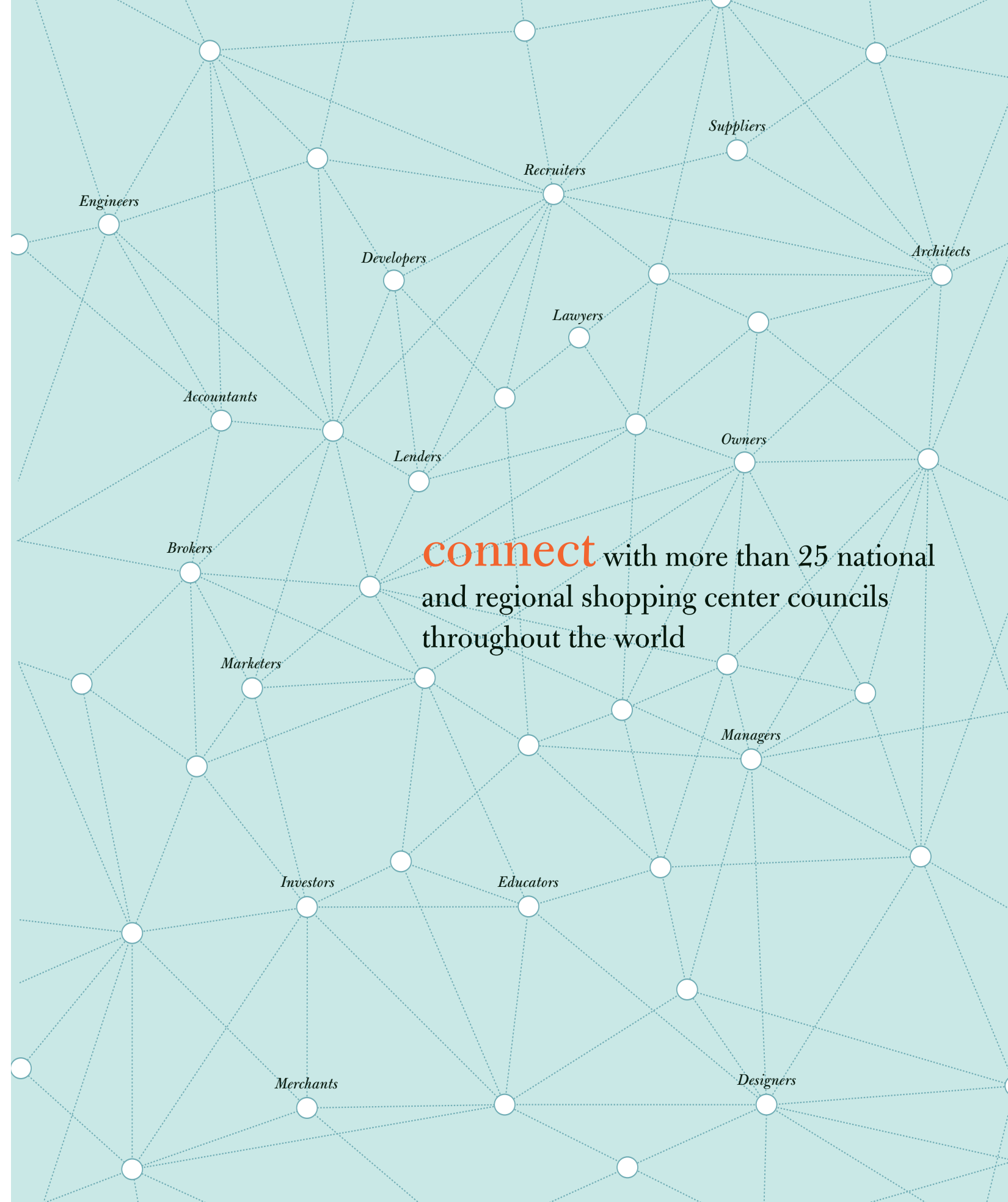
## Networking

Since our earliest days, ICSC members have understood the value of relationships and open-minded dialogue. Each year, members gather at events to face what they view as a shared challenge — advancing their industry. From the 122 attendees at the first ICSC Convention in 1958 to the more than 45,000 professionals who attended the 2006 ICSC Spring Convention, our members approach each other as collaborators, not competitors.

Remarkable in what can be a highly competitive market, this attitude is a defining characteristic of ICSC membership — one that has strengthened our industry, fostered innovation and given consumers unparalleled access to merchandise.

To promote partnership, ICSC welcomed more than 127,000 professionals to over 265 events in 2006. From a Cross-Border Shopping Conference in San Antonio to an Idea Exchange in Boston, from the India Shopping Centre Conference in Mumbai to the European Research Summit in Prague, ICSC events connect professionals across the country and around the world. In 2007 the floor space at the Spring Convention increased to 2 million square feet, solidifying it as the world's premier retail real estate conference. We will also celebrate 50 years of remarkable growth at regional and international events, including the ICSC World Summit in Cape Town, South Africa.

As we step into new local and international arenas in 2007, ICSC will continue to promote strong professional networks. After all, our members form an association of people — people creating the future of the shopping center industry.



\* 1964 ICSC Research Foundation formed. ICSC and the Urban Land Institute undertake major parking lot study to determine a standard ratio of parking spaces to gross leasable area.



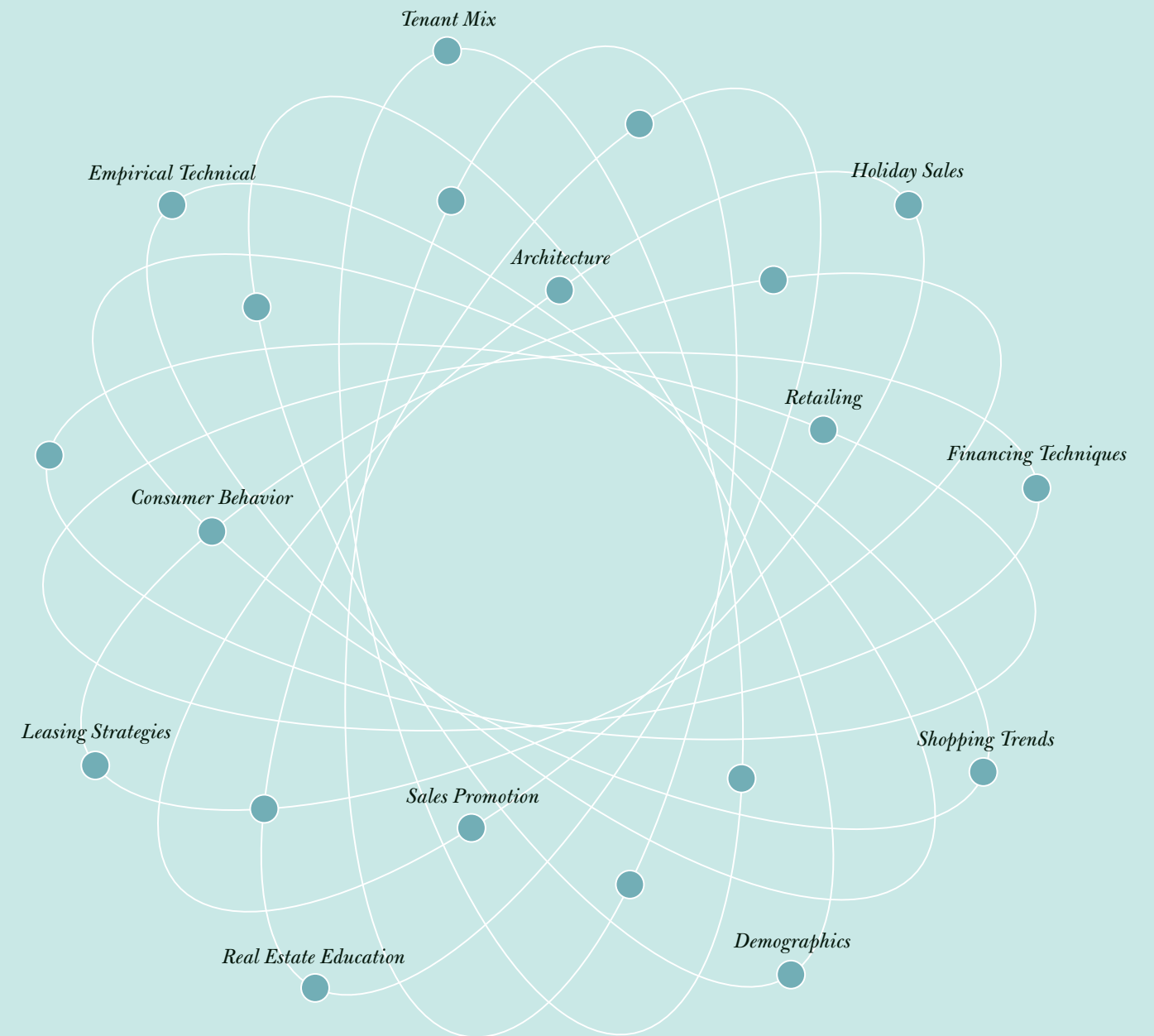
## Research

In the 50 years since ICSC was founded, a handful of planned shopping center developments have grown into a retail real estate industry that extends to every corner of the planet.

To understand the trends shaping increasingly interconnected patterns of work, leisure and family life, ICSC conducts in-depth research that quantifies the economic, social, and environmental factors affecting our industry. This research, combined with members on-the-ground experience, has produced new knowledge that is fundamentally changing the way our industry works and the way people interact with merchandise.

From retail sales tracking to mall reports, leasing conditions to mixed-use developments, ICSC research details the insights and activities of the worldwide retail real estate industry. The Albert Sussman Library, in ICSC's New York City headquarters, is the largest collection of retail real estate information in the world, offering members access to ICSC research as well as thousands of economic reports, company profiles, journal articles, business news, and legal databases. Online, the ICSC Research Resource Center provides a wealth of reference material that gives members the information they need to understand the *what*, the *how*, and the *why* of the marketplace.

ICSC research has become an industry standard, providing highly valued information to the Federal Reserve, Wall Street, the media, and, most importantly, our members. In 2007, ICSC will deepen its commitment to research, examining new areas of development, to enhance the analysis the industry relies on and provide members with the reporting they need to make informed, successful decisions.



**solve** challenges and increase profitability  
with ICSC's growing library of cutting-edge,  
in-depth research



## Education

From the first ideas exchanged between our founders 50 years ago to the innovative courses offered through the University of Shopping Centers, learning has defined ICSC. The vigorous exchange of ideas and experience that permeate our work has created a culture of learning that advances careers and the industry for the benefit of all.

Each year ICSC offers nearly 30 professional development programs. From online courses to executive seminars, marketing workshops to local Idea Exchanges, these programs transform time-tested experience and cutting-edge research into replicable strategies for success. The John T. Riordan School for Professional Development offers professionals, with requisite experience, intensive learning opportunities through 5-day courses on management, marketing, and leasing.

ICSC's educational programs provide the springboard for industry professionals to prepare for one of the seven global professional certifications ICSC offers annually. Whether it be earning the Certified Shopping Center Manager (CSM), Certified Marketing Director (CMD), Certified Leasing Specialist (CLS), Certified Development, Design and Construction Professional (CDP), as well as the Senior Level CSM, CMD, and CLS designation, ICSC's education programs provide the framework for industry professionals to be recognized as experts in their fields while helping to improve shopping center industry practices and standards. To address the needs of an industry facing unprecedented local and global opportunity in 2007, ICSC will further cultivate professional development opportunities, while expanding educational programming.

**learn** with industry leaders as you sharpen skills, examine trends and advance your career in ICSC's unique professional development programs



\* 1978 ICSC launches *Shopping Centers Today*, a monthly industry magazine to share news, information and trends with the industry. Communication steps into the digital age in 1995 with [www.icsc.org](http://www.icsc.org).



## Communication

Communication lies at the heart of the shopping center industry's extraordinary growth. Each year, publications, awards, and ICSC.org share industry developments and successes with members, elected officials, and media representatives, providing rich insights into the trends defining shopping centers.

The industry's monthly magazine, *Shopping Centers Today*, as well as specialized journals and newsletters, cover all aspects of retail real estate. In-depth research illuminates trends, customized reports share developments with media representatives and industry analysts, targeted communications reach out to elected officials, and translations in Mandarin and Spanish have brought ICSC communications to new markets. Throughout its history ICSC has published numerous books, including *America's Marketplace: The History of Shopping Centers*, which trace the evolution of the marketplace — ancient bazaars to modern mixed-use developments — to define shopping centers not just as focal points of business but as centers of community. Eight new books in 2006 continued this trend, examining subjects from development and design to industry growth.

While events and education programs have professionalized the industry, ICSC award programs have brought attention to the excellent work and best practices of shopping center professionals. Award programs such as the MAXI, Solal Marketing, Canadian Shopping Centre, European Shopping Centre, and International Design & Development Awards honor outstanding contributions to the industry.

As 2007 unfolds, ICSC will continue to utilize innovative communications to inform members, public officials, and media representatives of the developments and trends that are creating the future of shopping centers.





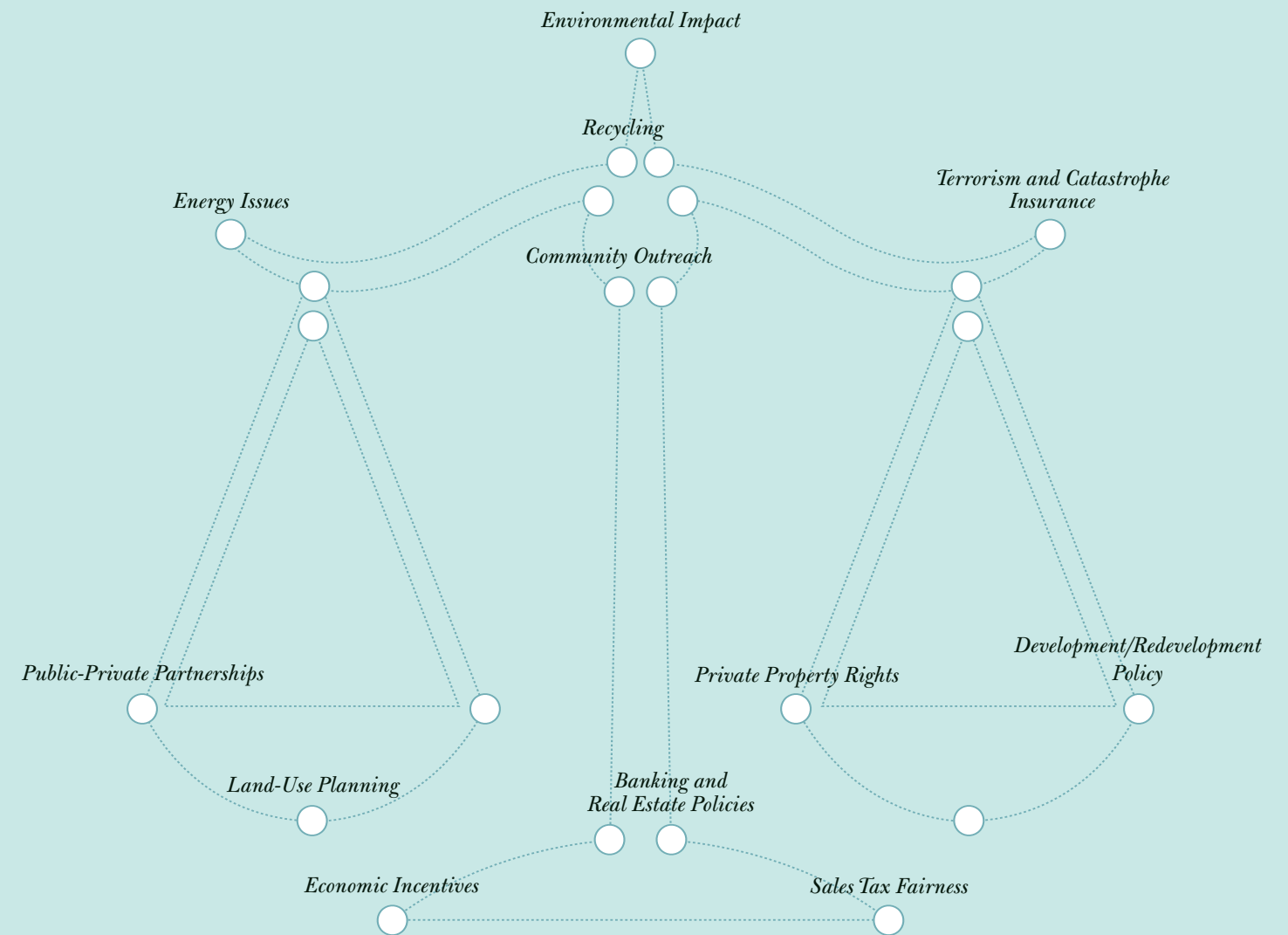
## Advocacy

As innovation and market forces shaped the retail real estate landscape over the past 50 years, the need for strong industry advocacy at all levels of policy-making has grown. From our inception, ICSC has been the voice of the industry and in the late 1980s, ICSC's Government Relations and media programs began a concerted focus on the economic, development, and outreach issues impacting the shopping center industry.

ICSC has worked with elected officials and community organizations over the past 50 years to promote business practices that benefit both the industry and the communities we serve. In 1996 we launched the Alliance Program to promote public-private partnerships with local U.S. officials and community organizations that incorporate community needs into the development mix. Recently, ICSC's Government Relations office became the Office of Global Public Policy (GPP) to better reflect its involvement at all levels of government. Currently, GPP works with U.S. federal, state and local governments, Canadian provincial officials, communities, and political action committees to advance the industry. The Office has recently launched an initiative to provide legislative counsel and technical expertise to non-U.S. regulatory and legislative officials.

Our media relations and promotion work shares industry news, expertise, and positions with all media outlets and countless community groups. In 2006 alone, ICSC received tens of thousands of media mentions generating millions of impressions around the world.

As regulatory demands and new developments influence the industry globally, particularly in areas of the environment, the workforce, and growth management, ICSC will use its advocacy expertise on behalf of its members to ensure the continued robust growth of the retail real estate industry.



**influence** local, regional, and federal government through ICSC's advocacy initiatives and create new partnerships with community groups and legislators that will open doors for the retail real estate industry



## *From Our Chairman & President*

Dear Member,

As ICSC celebrates its 50th Anniversary, we can all take great pride in the growth of the global shopping center industry. As we reflect on the vision of our founders, who pioneered one of the world's leading business sectors, we also pause to honor the dedication of our volunteers and members who make ICSC the vibrant, resourceful association that it is.

2006 was a remarkable year for both the industry and the association. In 2006, we welcomed 8,070 new members, including 500 students. These numbers represent a 14% increase over 2005, for a total of 65,000 members from 92 nations and are a testament to the excellent health of our association and industry worldwide.

ICSC ended 2006 with a budget well balanced, our reserves strong, and our operations expanding. Instead of a prepared-for slowdown, 2006 turned out to be a year of solid gains. Revenues grew by 12 percent, lifted by membership growth and program participation. While expenses also rose, particularly for personnel, services and meeting space, we have not raised fees for five years and membership dues have not increased since 2000.

As the pages of this special annual report illustrate, ICSC has become the industry's marketplace of ideas through our members' remarkable spirit of collaboration and enterprise. Our core competencies — networking, research, education, communication, and advocacy — have shaped the industry and pioneered innovative concepts and emerging markets. In 2006 key accomplishments in these areas included:

### *Networking*

- Meeting attendance rose 10% with over 127,000 participants attending 265 ICSC events.
- ICSC launched groundbreaking new conferences, including the Conference on Mixed-Use Development, the Asia Expo, and the European Research Summit.

### *Research*

- New knowledge from sustainable development research became a consistent theme in publications and at conferences.
- The majority of research materials housed in the Albert Sussman Library at ICSC's New York City headquarters became available online.



### *Education*

- 2,000 members attended 30 ongoing ICSC educational programs while over 380 industry professionals earned accredited professional development certificates.
- ICSC launched Leadership Development, which brought all student programs university relationships, job fairs, and more under one umbrella.

### *Communication*

- ICSC re-launched its website, introducing comprehensive resources, including sections in Spanish. A Mandarin version is underway.
- ICSC awarded the first-ever International Design and Development Award for Sustainable Design.

### *Advocacy*

- ICSC created the Office of Global Public Policy (GPP) to better reflect its broad involvement at all levels of government.
- New Alliance Programs addressed green development in the context of public-private partnerships.

As we worked together over the past year, we have witnessed an association offering new levels of service, an industry stepping onto the world stage and shopping centers playing pivotal roles in communities. We extend our warmest thanks to our families, our colleagues, and ICSC members for making our service to this association one of the most rewarding and exciting chapters in our respective careers.

Turning to the future, we welcome incoming chairman René Tremblay, president and CEO of Ivanhoe Cambridge. His extensive development experience and global vision will be a tremendous asset to ICSC and our industry as we begin our second 50 years.

In closing, we thank you — ICSC's loyal members — for your dedication to the association and your commitment to the future of the global retail real estate industry. We wish you a future as bright as our association's remarkable past.

Respectfully submitted,

John Bucksbaum  
*ICSC Chairman 2006-2007*  
*CEO, General Growth Properties, Inc.*

Michael P. Kercheval  
*ICSC President & CEO*

## From Our Incoming Chairman

Dear Colleague,

As ICSC's incoming chairman, let me begin with a hearty congratulation to ICSC on 50 extraordinary years as the retail real estate's trade association. I am eager to meet with members and do all I can to advance our shared goals. As an ICSC member since 1980 I know firsthand the difference ICSC makes to its members and to the industry. And, as the president and CEO of Ivanhoe Cambridge, one of North America's largest shopping center development and management firms, I know the opportunities that lie before us, both at home and abroad.

Before we look ahead to our next 50 years, let's consider how far we've come. In 1958, ICSC had one employee and welcomed just 122 attendees to its first convention. The concept of a "mall" was news and the notion of sharing ideas and resources was unheard of. Today, ICSC's fully professionalized staff hails from 30 nations, speaks 12 languages, and works in offices from New York to Beijing, from London to Mexico City. In 2006, more than 127,000 professionals attended over 265 ICSC events to share knowledge and forge new partnerships, including a record 45,000 attendees of the annual Spring Convention in Las Vegas.

These numbers bear eloquent testimony to ICSC's remarkable growth over the past 50 years, as well as the association's importance to members and its influence in advancing the industry's interests. Today, ICSC truly is the industry's *marketplace of ideas*. Yet, even more compelling than our history are the opportunities that lie before us.

Looking ahead to the next 50 years we see new hybrid concepts redefining the way people live, work, play, and shop. Emerging global markets like China, India and Eastern Europe offer extraordinary opportunities for both developers and for the communities they serve. Environmental sustainability has moved beyond a regulatory inconvenience to become a legitimate win-win by offering compelling financial, ethical, and goodwill reasons to go green.

As ICSC's incoming chair, I am excited to work with you to further your interests and pursue new opportunities across national borders. I invite you to get involved with ICSC, to take full advantage of our resources, and to build your career in one of the world's most exciting industries.

With every best wish for the next 50 years,

René Tremblay  
ICSC Chairman, 2007-2008  
President & CEO Ivanhoe Cambridge



## ICSC Awards

Each year, ICSC award programs recognize the retail real estate industry's most talented professionals and forward-thinking developments. ICSC awards are recognized across the industry and related professions as benchmarks of excellence. ICSC is pleased to honor an extraordinary cadre of dedicated professionals and innovative shopping centers that are creating the future of retail real estate.

### 2006 Maxi Awards

Established in 1972, The Maxi Awards recognize excellence in shopping center marketing. Winners have documented success through effective and creative use of all available resources. This year's winners are:

Cadillac Fairview Corporation Limited <i>Toronto, Ontario (Canada)</i>	The Macerich Company <i>Santa Monica, California (United States)</i>
CBL & Associates Properties Inc. <i>Chattanooga, Tennessee (United States)</i>	Madison Marquette <i>Washington, D.C. (United States)</i>
CentrO Oberhausen <i>Oberhausen, Germany</i>	Meadowhall Centre <i>Sheffield, United Kingdom</i>
Coyote Management L.P. <i>Addison, Texas (United States)</i>	Oakridge Centre <i>Vancouver, British Columbia (Canada)</i>
Developers Diversified Realty <i>Beachwood, Ohio (United States)</i>	Pennsylvania Real Estate Investment Trust <i>Philadelphia, Pennsylvania (United States)</i>
Farsta Centrum <i>Stockholm, Sweden</i>	Richard E. Jacobs Group, Inc. <i>Cleveland, Ohio (United States)</i>
First Canadian Place <i>Toronto, Ontario (Canada)</i>	Riverchase Galleria <i>Hoover, Alabama (United States)</i>
Forest City Enterprises <i>Cleveland, Ohio (United States)</i>	Scarborough Town Centre <i>Scarborough, Ontario (Canada)</i>
Gateway Theater of Shopping <i>Durban, South Africa</i>	South Coast Plaza <i>Costa Mesa, California (United States)</i>
General Growth Properties, Inc. <i>Chicago, Illinois (United States)</i>	Tysons Corner Center <i>McLean, Virginia (United States)</i>
Hanes Mall <i>Winston-Salem, North Carolina (United States)</i>	Urban Retail Properties Co. <i>Chicago, Illinois (United States)</i>
Les Rivières Shopping Centre <i>Trois-Rivières, Quebec (Canada)</i>	Village at Corte Madera <i>Corte Madera, California (United States)</i>
	Westfield Corp. Inc. <i>Los Angeles, California (United States)</i>

### 2006 Canadian Shopping Centre Awards

The Canadian Shopping Centre Awards celebrate outstanding shopping centre marketing programs in Canada. This year's winners are:

Bramalea City Centre <i>Brampton, Ontario</i>	Oakridge Centre <i>Vancouver, British Columbia</i>
Cadillac Fairview Corporation Limited <i>Toronto, Ontario</i>	Oshawa Centre <i>Oshawa, Ontario</i>
Calgary Eaton Centre <i>Calgary, Alberta</i>	Richmond Centre <i>Richmond, British Columbia</i>
Chinook Centre <i>Calgary, Alberta</i>	Ruscio Store <i>Mississauga, Ontario</i>
Cottonwood Mall <i>Chilliwack, British Columbia</i>	Scarborough Town Centre <i>Scarborough, Ontario</i>
First Canadian Place <i>Toronto, Ontario</i>	Scotia Centre <i>Calgary, Alberta</i>
Guilford Town Centre <i>Surrey, British Columbia</i>	St. Laurent Centre <i>Ottawa, Ontario</i>
Les Rivières Shopping Centre <i>Trois-Rivières, Quebec</i>	TD Square <i>Calgary, Alberta</i>
Lougheed Town Centre <i>Burnaby, British Columbia</i>	Upper Canada Mall <i>Newmarket, Ontario</i>
Market Mall <i>Calgary, Alberta</i>	Yorkdale Shopping Centre <i>Toronto, Ontario</i>

### 2006 Solal Marketing Awards

The ICSC Solal Marketing Awards recognize outstanding European shopping centre marketing programs. This year's winners are:

Centro Colombo <i>Lisbon, Portugal</i>	Meadowhall Centre <i>Sheffield, United Kingdom</i>
Firma Reklamova Kuc <i>Warsaw, Poland</i>	

### 2006 European Shopping Centre Awards

Launched in 1977, the European Shopping Centre Awards recognize outstanding shopping centre design and development. This year's winners are:

Arkadia <i>Warsaw, Poland</i>	Schlössle Galerie <i>Pforzheim, Germany</i>
Dolce Vita Coimbra <i>Coimbra, Portugal</i>	Wassland Shopping Center <i>Sint-Niklaas, Belgium</i>
Factory Vila do Conde <i>Vila Do Conde, Portugal</i>	Whitefriars <i>Canterbury, United Kingdom</i>

### 30th International Design and Development Awards

Launched in 1977, the International Design and Development Awards recognize outstanding retail design and development projects. The awards honor shopping center owners, developers, managers, architects, and designers who have contributed significantly to the field of design and development. This year's winners are:

Arkadia <i>Warsaw, Poland</i>	Victoria Gardens <i>Rancho Cucamonga, California (United States)</i>
Dolce Vita Coimbra <i>Coimbra, Portugal</i>	The Village at Park Royal <i>West Vancouver, British Columbia (Canada)</i>
Jordan Creek Town Center <i>West Des Moines, Iowa (United States)</i>	Yorkdale Shopping Centre <i>Toronto, Ontario (Canada)</i>
Principe Pío <i>Madrid, Spain</i>	

30th International Design and Development Awards Winners



1	
2	5
3	6
4	7



Renovation or Expansion of an Existing Project  
1 Yorkdale Shopping Centre  
*Toronto, Ontario (Canada)*

Special Design Award for Sustainable Design  
1 Yorkdale Shopping Centre  
*Toronto, Ontario (Canada)*



Innovative Design and Development of a New Project  
2 Arkadia  
*Warsaw, Poland*

3 Dolce Vita Coimbra  
*Coimbra, Portugal*

4 Jordan Creek Town Center  
*West Des Moines, Iowa (United States)*

5 Principe Pío  
*Madrid, Spain*

6 Victoria Gardens  
*Rancho Cucamonga, California (United States)*

7 The Village at Park Royal  
*West Vancouver, British Columbia (Canada)*



ICSC's Key Accomplishments in 2006

New Conferences:

- Conference on Mixed-Use Development
- Cross-Border Shopping Conferences (Canada/U.S., Mexico/U.S.)
- India Shopping Centre Conference in Mumbai
- European Research Summit in Prague
- Outdoor Centre Forum
- Alliance Programs focused on "Green Building"
- Asia Expo
- India CEO Summit
- European Factory Outlet Conference

Meetings and Conventions:

- Re-Introduced the Conference of the Americas
- Re-Launched Design Trends in Europe
- Sponsored Brownfields 2006 Conference Transaction Forum
- Sponsored National Brownfield Association "Riverfront Redevelopment Conference"
- Sponsored Smart Growth Conference
- Held 200th Next Generation Program

ICSC Study Tours of Shopping Centers:

- Ireland & United Kingdom
- Sharjah & Dubai, UAE

Attendance:

- Over 127,000 retail real estate professionals attended an ICSC meeting
- Over 45,000 retail real estate professionals attended ICSC Spring Convention
- Attendance at "Next Generation" programs topped 8,900

Publications:

- Dollars & Cents of Shopping Centers®/The SCORE 2006® (with compact disc software)
- Shared Parking (with compact disc software) (Second Edition)
- Mexico & Central America Directory
- Global Retailing
- U.S. Shopping Centers of Interest
- ICSC's Dictionary of Shopping Center Terms (Second Edition)
- Shopping Center Tenant Coordination
- Preparing a Budget for an Open-Air Shopping Center

## ICSC's Key Accomplishments in 2006 (continued)

### Professional Certification and Education Programs:

- Certified over 380 industry professionals through certification programs
- Created and announced new certification program for industry professionals in the development, design and construction fields — *Certified Development, Design and Construction Professional (CDP)*
- Established global designations for all ICSC's professional designations, Certified Shopping Center Manager (CSM), Certified Marketing Director (CMD), Certified Leasing Specialist (CLS), Senior Certified Shopping Center Manager (SCSM), Senior Certified Marketing Director (SCMD), Senior Certified Leasing Specialist (SCLS), and Certified Development, Design and Construction Professional (CDP)
- Hosted 10 Executive Learning Series classes
- Hosted the John T. Riordan School for Professional Development in Mumbai, Bangkok, Mexico City, Dubai, Lima, and Istanbul
- Hosted a Management, Marketing and Leasing Seminar in Beijing and Shanghai
- Hosted Retail Development Seminar in Guatemala

### Other:

- Redesign of website *www.ICSC.org*
- Awarded first-ever International Design and Development Award for Sustainable Design to Yorkdale Shopping Centre, Toronto, Ontario
- Established the ReSource Award for sustainability as part of the European Shopping Centre Awards
- Awarded the first Albert Sussman Humanitarian Award to Fox River Mall in Appleton, Wisconsin for their "Community Send Off" initiative
- ICSC Educational Foundation raised over \$1 million in first-ever fundraiser
- ICSC Educational Foundation awarded educational-based scholarships to 11 industry professionals to support professional learning opportunities
- ICSC opened its Lifelong Learning Center at its New York Headquarters
- ICSC partnered with George Washington University's Homeland Security Policy Institute to develop a Shopping Center Security Training Program

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\* Executive Committee





The International Council of Shopping Centers has long taken pride in disclosing fully its financial condition to its members. We are pleased to continue this tradition this year.

The accompanying statements present the financial position of the Council's Funds for the year ended December 31, 2006 with comparative totals for the year ended December 31, 2005. The Reserve Fund and the Restricted Funds are explained in the Notes to Financial Statements. Please take a moment to read them.

The Council utilizes the General Fund as its operating fund, which for the year ended December 31, 2006 reported an excess of revenue over expense of \$4,881,510 on total revenue of \$67,302,299. Total expense for the period was \$62,420,789. Operations for the year continue to reflect the positive membership and meeting participation levels attained during the past few years.

Two committees of our Board of Trustees are in particular charged with responsibilities concerning our financial condition. The Investment and Employee Retirement Committee, which consists of the Secretary-Treasurer, the President, the immediate past Treasurer, two Past Chairmen, two Regular Members, who may or may not be Trustees, appointed by the Chairman with the approval of the Board, and the Trustees of the Pension and Savings and Investment Plans. In addition to myself, the members of the Committee for 2006-2007 are, Matthew Bucksbaum, Martin Cleary, Charles Grossman, Charles Lebovitz, Kathleen Nelson, Christopher Niehaus, L. Peter Sharpe, Robert Ward, and Michael Kercheval. The Committee sets investment guidelines for the General, Reserve, Pension and Educational Foundation funds and meets regularly with ICSC's current investment consultant, Dahab Associates.

The Audit Committee of the Board of Trustees is responsible for overseeing the procedures followed by management in the budgeting and financing of the Council. Management utilizes the guidance of the Council's outside auditors, Goldstein Golub Kessler LLP (GGK), to ensure proper handling of and accurate accounting for all the funds of the Council. This Committee is composed of five Trustees appointed by the Chairman. The members of the Committee for 2006-2007 are John Ingram — Chairman, James Maurin, Kathleen Nelson, Gary Rappaport, and David Zoba. At the completion of the annual audit, the Committee meets with the GGK partner in charge of the audit both in private and with management and reports its conclusions and recommendations to the Board of Trustees. Contact information for any of the Committee members may be obtained by visiting the membership directory at [www.ICSC.org](http://www.ICSC.org).

Glenn J. Rufrano  
Treasurer

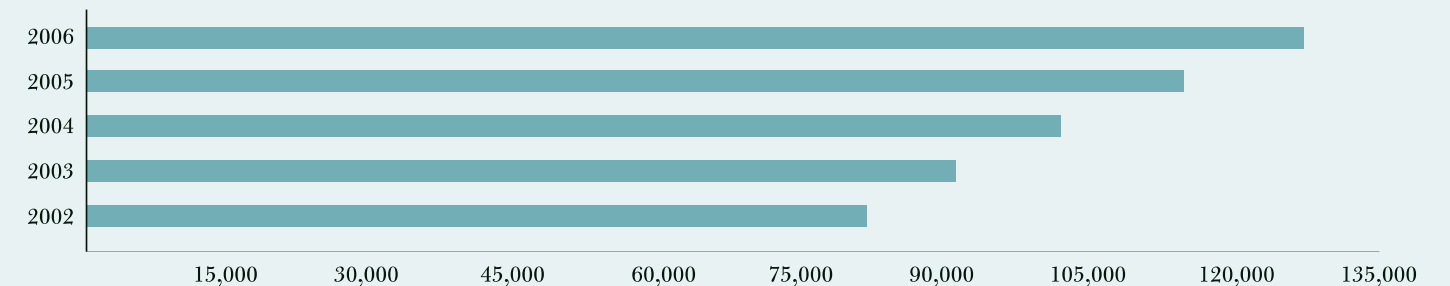
Balance Sheet

(with summarized comparative financial information as of December 31, 2005)

	Year ended December 31,					
	2006			2005		
	Unrestricted			Temporarily Restricted Funds	Total Funds	Total Funds
General Fund	Reserve Fund	Subtotal				
<b>Assets</b>						
Cash and Cash Equivalents	\$ 3,248,367	\$ 848,038	\$ 4,096,405	\$1,399,522	\$ 5,495,927	\$10,500,892
Accounts Receivable (less allowance for doubtful accounts of \$157,719 and \$158,325, respectively)	850,299		850,299	25,000	875,299	858,086
Accrued Income Receivable	171,650	97,472	269,122	4,309	273,431	185,782
Due from (to) Other Funds	82,416		82,416	(82,416)		
Cash Surrender Value of Life Insurance	676,657		676,657		676,657	375,075
Deferred Costs on Future Projects	2,388,838		2,388,838		2,388,838	1,421,803
Other Assets	2,736,914		2,736,914	166,000	2,902,914	3,186,067
Investments	19,252,304	43,211,207	62,463,511	360,628	62,824,139	45,608,430
<b>Property and Equipment:</b>						
Office furniture and equipment (net of accumulated depreciation of \$5,777,986 and \$5,617,401, respectively)	394,340		394,340		394,340	425,532
Leasehold improvements (net of accumulated amortization of \$1,770,498 and \$1,375,256, respectively)	5,326,057		5,326,057		5,326,057	4,870,933
<b>Total assets</b>	<b>\$35,127,842</b>	<b>\$44,156,717</b>	<b>\$79,284,559</b>	<b>\$1,873,043</b>	<b>\$81,157,602</b>	<b>\$67,432,600</b>
<b>Liabilities and net assets</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 8,801,974	\$ 33,443	\$ 8,835,417	\$ 52,925	\$ 8,888,342	\$10,299,710
Employee retirement obligations	4,419,346		4,419,346		4,419,346	3,170,027
Advance registrations and subscriptions	8,722,518		8,722,518		8,722,518	6,591,970
Deferred membership dues	7,980,484		7,980,484		7,980,484	7,046,989
<b>Total liabilities</b>	<b>29,924,322</b>	<b>33,443</b>	<b>29,957,765</b>	<b>52,925</b>	<b>30,010,690</b>	<b>27,108,696</b>
<b>Commitments</b>						
Net Assets	5,203,520	44,123,274	49,326,794	1,820,118	51,146,912	40,323,904
<b>Total liabilities and net assets</b>	<b>\$35,127,842</b>	<b>\$44,156,717</b>	<b>\$79,284,559</b>	<b>\$1,873,043</b>	<b>\$81,157,602</b>	<b>\$67,432,600</b>

See notes to financial statements.

Membership Attendance



Statement of Revenues, Expenses and Changes in Net Assets  
(with summarized comparative financial information as of December 31, 2005)

	Year ended December 31,					
	2006			2005		
	Unrestricted			Temporarily Restricted Funds	Total Funds	Total Funds
General Fund	Reserve Fund	Subtotal				
<b>Operating revenues:</b>						
Membership dues and state issue contributions	\$14,619,974		\$14,619,974	\$ 955,525	\$15,575,499	\$14,120,958
Spring convention	13,189,154		13,189,154		13,189,154	11,604,638
Leasing mall/deal-making	8,112,584		8,112,584		8,112,584	7,644,155
Trade shows	1,874,038		1,874,038		1,874,038	1,760,407
Meetings and conferences	15,904,343		15,904,343		15,904,343	13,980,626
Educational programs	1,646,134		1,646,134		1,646,134	1,318,034
Publications	1,963,304		1,963,304	724	1,964,028	1,676,880
Professional recognition programs	314,507		314,507		314,507	285,903
Value Retail News	598,842		598,842		598,842	636,889
Advertising	5,789,833		5,789,833		5,789,833	4,950,188
Education Foundation contributions				1,363,061	1,363,061	743,210
Political Action Committee contributions				510,475	510,475	646,819
Investment income	981,398	1,235,716	2,217,114	37,369	2,254,483	1,314,479
Realized gains (losses) from security transactions	(134,827)	198,047	63,220	(5,471)	57,749	1,095,782
Gain from life insurance	68,503		68,503		68,503	
Other income	78,207		78,207		78,207	402,104
Net assets released from restrictions	2,296,305		2,296,305	(2,296,305)		
<b>Total operating revenues</b>	<b>67,302,299</b>	<b>1,433,763</b>	<b>68,736,062</b>	<b>565,378</b>	<b>69,301,440</b>	<b>62,181,072</b>
<b>Operating expenses:</b>						
Spring convention	2,536,279		2,536,279		2,536,279	2,353,633
Leasing mall/deal-making	4,718,943		4,718,943		4,718,943	3,633,428
Trade shows	908,607		908,607		908,607	684,004
Meetings and conferences	12,806,132		12,806,132		12,806,132	11,156,219
Educational programs	1,673,179		1,673,179		1,673,179	1,257,041
Publications	1,232,413		1,232,413		1,232,413	875,953
Professional recognition programs	577,406		577,406		577,406	428,962
Value Retail News	309,452		309,452		309,452	272,945
Advertising	3,476,622		3,476,622		3,476,622	2,828,815
Other member services	5,122,027		5,122,027		5,122,027	5,851,937
Restricted fund disbursements	2,296,305		2,296,305		2,296,305	2,161,027
Salaries, rent and administrative expenses	26,763,424	213,625	26,977,049		26,977,049	25,939,539
<b>Total operating expenses</b>	<b>62,420,789</b>	<b>213,625</b>	<b>62,634,414</b>		<b>62,634,414</b>	<b>57,443,503</b>
Results of operations	4,881,510	1,220,138	6,101,648	565,378	6,667,026	4,737,569
Change in unrealized appreciation of investments	318,160	3,837,998	4,156,158	(176)	4,155,982	(97,155)
Transfer to the Reserve Fund	(3,344,637)	3,344,637				
Contribution to the Educational Foundation		(150,000)	(150,000)	150,000		
<b>Changes in net assets</b>	<b>1,855,033</b>	<b>8,252,773</b>	<b>10,107,806</b>	<b>715,202</b>	<b>10,823,008</b>	<b>4,640,414</b>
Net assets at beginning of year	3,348,487	35,870,501	39,218,988	1,104,916	40,323,904	35,683,490
<b>Net assets at end of year</b>	<b>\$ 5,203,520</b>	<b>\$44,123,274</b>	<b>\$49,326,794</b>	<b>\$1,820,118</b>	<b>\$51,146,912</b>	<b>\$40,323,904</b>

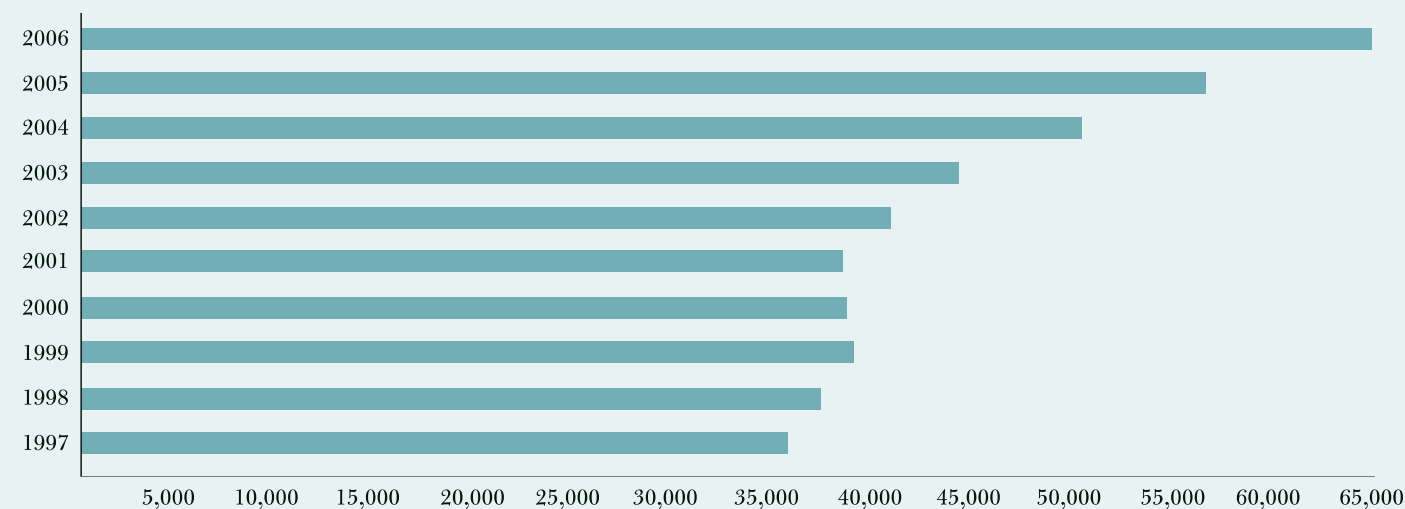
See notes to financial statements.

Statement of Cash Flows

	Year ended December 31,	
	2006	2005
<b>Cash flows from operating activities:</b>		
Changes in net assets	\$10,823,008	\$ 4,640,414
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	555,827	630,071
Increase in cash surrender value of life insurance	(301,582)	(224,252)
Net realized and unrealized gain on sale of investments	(4,213,731)	(998,627)
Changes in operating assets and liabilities:		
Increase in accounts and other receivable	(104,862)	(77,109)
Increase in deferred costs on future projects	(967,035)	(73,874)
Decrease (increase) in other assets	283,153	(756,478)
(Decrease) increase in accounts payable and accrued liabilities	(1,411,368)	999,935
Increase in employee retirement obligations	1,249,319	922,001
Increase in advance registrations, subscriptions and deferred membership dues	3,064,043	1,021,005
<b>Net cash provided by operating activities</b>	<b>8,976,772</b>	<b>6,083,086</b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(979,759)	(985,904)
Proceeds from sale of investments	23,501,890	65,364,042
Purchase of investments	(36,503,868)	(62,818,812)
<b>Net cash provided by (used in) investing activities</b>	<b>(13,981,737)</b>	<b>1,559,326</b>
Net increase (decrease) in cash and cash equivalents	(5,004,965)	7,642,412
Cash and cash equivalents at beginning of year	10,500,892	2,858,480
<b>Cash and cash equivalents at end of year</b>	<b>\$ 5,495,927</b>	<b>\$10,500,892</b>
<b>Supplemental schedule of noncash investing activity:</b>		
Leasehold improvements included in accounts payable and accrued expenses		\$ 1,033,591

See notes to financial statements.

Membership Statistics





To the Board of Directors  
International Council of Shopping Centers, Inc.

We have audited the accompanying balance sheet of the International Council of Shopping Centers, Inc. (the "Council") as of December 31, 2006, and the related statements of revenue, expenses and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Council's 2005 financial statements and, in our report dated February 24, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the International Council of Shopping Centers, Inc. as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Goldstein Golub Kessler LLP  
New York, New York

March 28, 2007

**1. Organization and Summary of Significant Accounting Policies:**

The International Council of Shopping Centers, Inc. (the "Council") was founded in 1957 and serves as the trade association of the shopping center industry. The financial statements include the financial position and results of operations of the Council, the Foundation for Education (the "Education Foundation") and the ICSC Political Action Committee (the "PAC"). Services and products offered to its members include various industry-related publications, meetings and conferences, industry-recognized professional status programs, monitoring of government affairs, and education and research programs.

The General Fund represents the general operations of the Council.

The Reserve Fund represents an accumulation of surpluses from the General Fund which the board has designated to be used for investment purposes, together with expenditures of certain restricted funds, principally the PAC and the Education Foundation (see below). Included in the Reserve Fund is a board-designated restriction of \$152,946 for the Albert Sussman Award for research grants in the shopping center industry.

Restricted Funds are temporarily restricted and consist of contributions by members and others to finance the monitoring of certain judicial, legislative and regulatory issues at the federal, state and local levels, to fund the PAC, and the Education Foundation. The PAC is a federally registered political action committee established to solicit voluntary, personal contributions from member company executives and to provide financial assistance to candidates for federal elective office. The Education Foundation is a separately incorporated not-for-profit organization that was formed to provide scholarships, fellowships and research grants for university-based graduate-level education programs in the real estate industry. The Education Foundation is funded by contributions from the public and from the Reserve Fund.

Contributions and unconditional promises to give are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support, which increases those net asset classes. When the specified purpose of donor-restricted contributions is met, the net assets are released from the restriction and transferred to unrestricted net assets. As of December 31, 2006, \$982,758 of restricted funds was restricted for the Education Foundation, \$3,274 was restricted for purposes of monitoring certain judicial, legislative and regulatory issues, and \$834,086 was restricted for the purposes of the PAC.

Membership dues are recorded as revenue during the applicable membership period. Advertising revenue is recorded as revenue when the applicable publications are issued. Revenue from educational programs, conferences, meetings and workshops is recognized upon completion of the activity.

Membership dues received and utilized in the current year are reflected in the statement of revenue, expenses and changes in net assets in the unrestricted class of net assets.

The Council considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents consist of money market funds held in banks and financial institutions.

The Council maintains cash in bank deposit accounts which, at times, exceed federally insured limits. The Council has not experienced any losses on these accounts.

Investments are stated at fair value based upon quoted market prices, when available, or estimates of fair value as determined by the Council's investment advisors, with the resulting change in unrealized gains and losses included in the statement of revenue, expenses and changes in net assets. The estimated fair value of the Reserve Fund's investments in a Mutual Fund and a Real Estate Separate Account were provided by the investment managers. The Council reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of these alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

The statement of activities presents investment income, consisting of interest and dividend income. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis.

Accounts receivable are reported at the outstanding unpaid principal balances reduced by an allowance for doubtful accounts. The Council estimates doubtful accounts based on historical bad debts, factors related to specific members' ability to pay and current economic trends. The Council writes off accounts receivable against the allowance when a balance is determined to be uncollectible.

Property and equipment is recorded at cost and is depreciated on the straight-line method over the estimated useful lives. Useful lives are estimated to be three years for computer equipment and five years on all other property and equipment. Leasehold improvements are amortized over the shorter of the useful lives of the improvements or the lease period.

Costs relating to programs and studies that are not expected to generate income in future years are charged to expense as incurred. Otherwise, costs of activities, programs and studies are deferred and expensed during the fiscal year that such activities, programs and studies are conducted. Such future costs are included in deferred costs for future projects in the accompanying balance sheet.

The Council is a professional organization exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code (the "Code"). However, net income resulting from certain activities not related to the Council's tax-exempt status is subject to federal and state income taxes.

The Education Foundation qualifies for exempt status as a public charity under Section 501(c)(3) of the Code.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended December 31, 2005, from which the summarized information was derived.

#### Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)* ("SFAS 158"). This statement requires recognition of the overfunded or underfunded status of defined benefit postretirement plans as an asset or liability in the balance sheet and to recognize changes in that funded status in changes in unrestricted net assets in the year in which the changes occur. SFAS 158 also requires measurement of the funded status of a plan as of the date of the balance sheet. SFAS 158 is effective for recognition of the funded status of the benefit plans for fiscal years ending after June 15, 2007, and is effective for the measurement date provisions for fiscal years ending after December 15, 2008. The Council is currently evaluating the effect of SFAS 158 on its financial statements.

## 2. Investments:

Investments, at market value, consist of the following:

	December 31,	
	2006	2005
<b>General Fund:</b>		
Government securities	\$ 7,140,961	\$ 7,513,866
Corporate bonds and notes	6,580,372	3,360,399
Guaranteed interest account	75,000	52,500
Mutual funds	117,000	79,500
Equity securities	5,338,971	3,623,757
<b>Total</b>	<b>\$19,252,304</b>	<b>\$14,630,022</b>
<b>Reserve Fund:</b>		
Government securities	\$ 4,460,853	\$ 5,501,845
Corporate bonds and notes	3,703,116	1,977,206
Equity securities	18,939,810	14,632,207
Mutual funds	10,598,757	8,537,934
Real estate separate account	5,508,671	
<b>Total</b>	<b>\$43,211,207</b>	<b>\$30,649,192</b>
<b>Restricted Funds:</b>		
Government securities	\$ 174,076	\$ 196,487
Equity securities	186,552	132,729
<b>Total</b>	<b>\$ 360,628</b>	<b>\$ 329,216</b>

## 3. Employee Benefits:

The Council sponsors a defined benefit pension plan (the "Plan") for eligible employees. The Council funds the Plan based upon actuarially determined requirements.

The Plan's investments are comprised primarily of fixed income securities and common stock equities.

The following presents the net periodic pension cost (credit) for the year ended December 31, 2006:

Service cost	\$ 557,733
Interest cost	493,903
Return on Plan assets	(596,492)
Net amortization and deferral	302,368
<b>Net periodic pension cost</b>	<b>\$ 757,512</b>

Amounts recognized in the balance sheet for prepaid pension cost totaled \$1,403,572.

The following presents the funded status of the Plan at December 31, 2006:

Actuarial present value of benefit obligations:

Vested benefit obligations	\$ 7,038,847
Nonvested benefit obligations	249,570
<b>Accumulated benefit obligations</b>	<b>\$ 7,288,417</b>
Plan assets at fair value	\$ 7,673,488
Projected benefit obligation	10,456,076
Projected benefit obligation in excess of Plan assets	(2,782,588)
Unrecognized net loss	3,819,234
Unrecognized prior service cost	366,926
<b>Net pension prepaid assets (included in other assets)</b>	<b>\$ 1,403,572</b>

Weighted-average assumptions used to determine benefit obligations at December 31, 2006:

Discount rate	6.00%
Rate of compensation increase	5.00%

Weighted-average assumptions used to determine net periodic benefit cost for year ended December 31, 2006:

Discount rate	5.75%
Expected long-term return on Plan assets	8.50%
Rate of compensation increase	5.00%

During 2006, the Council contributed \$-0- to the Plan, and \$54,284 of benefits was paid.

The Council's plan weighted-average asset allocations at December 31, 2006 by asset category is as follows:

Asset Category	Plan Assets at December 31, 2006
Equity securities	61%
Debt securities	37%
Cash	2%
<b>Total</b>	<b>100%</b>

The Council expects to make no contributions during the 2007 fiscal year.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year ending December 31,	
2007	\$ 68,917
2008	82,817
2009	157,403
2010	216,053
2011	283,775
2012-2016	2,716,109

In addition, the Council sponsors a 401(k) savings plan for all eligible employees. Amounts charged to expense for the Council's contribution to the Plan for the year ended December 31, 2006 approximated \$355,000. The Council maintains an executive supplemental retirement plan, for which the related obligation has been accrued for, approximating \$1,046,000 and has been included in employee retirement obligations in the accompanying balance sheet. Additionally, for the year ended December 31, 2006, the amount charged to expense for this executive supplemental retirement plan approximated \$369,000.

#### 4. Postretirement Medical Plan:

The Council maintains a medical care plan permitting retirees to continue participation which requires a retiree contribution for the remaining portion of the premium not paid by the Council based on the number of years of service at retirement. The Council funds the medical benefit costs as they are incurred.

The following represents the funded status of the postretirement medical plan:

Accumulated postretirement benefit obligation:	
Retirees	\$ 1,016,850
Fully eligible active plan participants	1,964,854
Other active plan participants	1,929,527
Total accumulated postretirement benefit obligation	4,911,231
Market value of plan assets	0
Excess of accumulated postretirement benefit obligation over plan assets	(4,911,231)
Unrecognized prior service cost	371,719
Unrecognized actuarial loss	1,166,610
<b>Accrued benefit cost (included in employee retirement obligations)</b>	<b>\$(3,372,902)</b>

The components of the net periodic postretirement benefit cost for 2006 were as follows:

Service cost	\$ 401,322
Interest cost on accumulated postretirement benefit obligation	266,560
Amortization	274,049
<b>Net periodic postretirement benefit cost</b>	<b>\$ 941,931</b>

The accumulated projected benefit obligation was actuarially determined using an assumed discount rate of 5.75%. The assumed rate of future increases in healthcare in 2006 was 11% and is expected to gradually decline to 5.0% for pre-Medicare and Medicare eligibles after 2014.

The Council contributed and paid as benefits \$62,014 for the postretirement medical and dental plans for 2006. Estimated future benefit payments are as follows:

Year ending December 31,	Expected Benefit Payments
2007	\$ 88,967
2008	113,431
2009	146,570
2010	178,069
2011	214,440
2012-2016	1,557,814

5. Commitments:

The Council is obligated under noncancelable operating leases for office space expiring through October 2019. The leases are subject to escalations for the Council's proportionate share of increases in real estate taxes, operating expenses and the consumer price index. Rent expense and related occupancy costs amounted to approximately \$4,329,000 and \$4,056,000 for the years ended December 31, 2006 and 2005, respectively.

The following is a schedule of approximate annual future minimum rental payments required under noncancelable operating leases:

	Year ending December 31,	
	2007	\$ 3,545,720
	2008	3,494,678
	2009	3,480,320
	2010	3,643,665
	2011	3,237,942
	Thereafter	25,830,343
		<u>\$43,232,668</u>

6. Operating Expenses:

General Fund operating expenses after allocation of salaries, rent and administrative expenses by function are as follows for the year ended December 31, 2006:

Program services:

Member services	\$ 9,691,960
Conventions	4,216,332
Leasing mall/deal-making	5,752,336
Trade shows	1,147,325
Meetings and conferences	17,404,675
Educational programs	2,571,725
Publications and cassettes	1,543,919
Professional recognition programs	1,475,952
Value Retail News	1,276,370
Other	2,296,305
<u>Total program services</u>	<u>47,376,899</u>

Support services:

Advertising	6,422,556
General and administrative expenses	8,621,334
<u>Total support services</u>	<u>15,043,890</u>
<u>Total operating expenses</u>	<u>\$62,420,789</u>



1221 Avenue of Americas, New York, NY 10020-1099  
Tel: +1 646.728.3800  
[www.ICSC.org](http://www.ICSC.org)