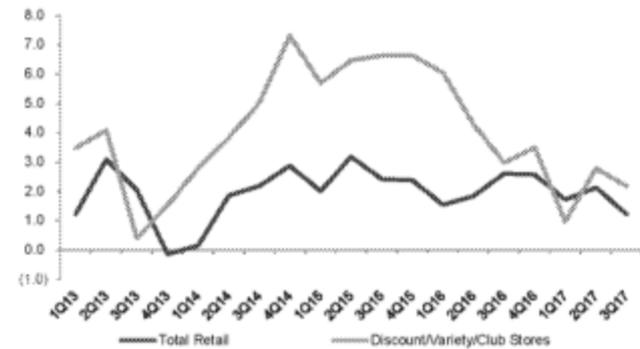




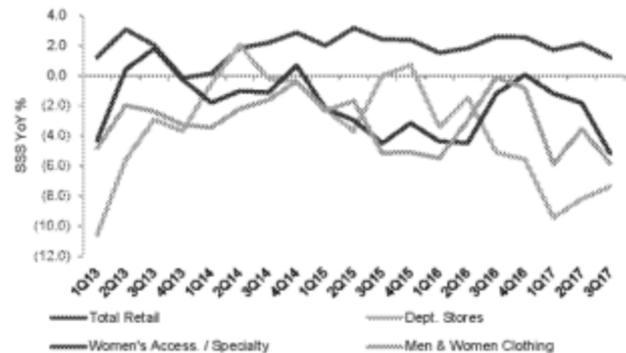
Consumers continue to seek out bargains as Department Store SSS lag  
 Discount and club stores continue to drive same store dollar volume growth, albeit at a moderating pace. Department, women's accessory/specialty and men's & women's clothing stores remain relative underperformers.

Figure 14: Discount/Club Store SSS Growth



Source: Deutsche Bank, SpendTrend, Bloomberg Finance LP

Figure 15: Dept., Women's, & Men's SSS Growth



Source: Deutsche Bank, SpendTrend, Bloomberg Finance LP

Store closures accelerated in 2017 as retailers sought to right size penetration  
 Store closures more than tripled YoY in 2017 as retailers sought to right size their store fleets and bankruptcy filings accelerated.

Figure 16: Store closures accelerated in 2017



Source: Deutsche Bank, Fung Global Retail & Technology

Figure 17: Closures driven by bankruptcy proceedings

|                             | Closing | Opening |                       |
|-----------------------------|---------|---------|-----------------------|
| <i>Radioshack</i>           | (1,000) | 650     | Dollar Tree           |
| <i>Payless</i>              | (700)   | 400     | Aldi                  |
| <i>rue21</i>                | (400)   | 111     | TJX                   |
| <i>Ascena</i>               | (400)   | 100     | Five Below            |
| <i>Sears/Kmart</i>          | (358)   | 100     | Ulta                  |
| <i>Gymabree</i>             | (330)   | 100     | Lidl                  |
| <i>The Limited</i>          | (250)   | 100     | Ross Stores           |
| <i>hhgregg</i>              | (220)   | 90      | Gap                   |
| <i>GameStop</i>             | (190)   | 89      | Walmart               |
| <i>Bebe Stores</i>          | (180)   | 70      | Sephora               |
| <i>Wet Seal</i>             | (171)   | 60      | H&M                   |
| <i>Cross</i>                | (160)   | 60      | Hobby Lobby           |
| <i>JCPenney</i>             | (138)   | 46      | H&M                   |
| <i>BCBG</i>                 | (120)   | 43      | Dick's Sporting Goods |
| <i>American Apparel</i>     | (110)   | 32      | Target                |
| <i>Gordmans</i>             | (101)   | 24      | Costco                |
| <i>Michael Kors</i>         | (100)   | 20      | Bonobos               |
| <i>Macy's</i>               | (100)   | 19      | Macy's Backstage      |
| <i>The Children's Place</i> | (100)   | 17      | Nordstrom             |
| <i>Aerosoles</i>            | (74)    | 10      | Forever 21            |

*Italics denote recent bankruptcy*  
 Source: Deutsche Bank, Fung Global Retail & Technology

CPI Apparel turned negative in May and decelerated through November  
 CPI apparel deflated starting in May and decelerated considerably through November. Given consumers' increased ability to price compare, we will continue to pay particular attention to apparel inflation as digital penetration increases, and retailers are increasingly forced to compete on price.