

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-11690

DDR Corp.

(Exact Name of Registrant as Specified in Its Charter)

Ohio

(State or Other Jurisdiction of
Incorporation or Organization)

34-1723097

(I.R.S. Employer
Identification No.)

3300 Enterprise Parkway, Beachwood, Ohio 44122
(Address of Principal Executive Offices — Zip Code)

(216) 755-5500

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Shares, Par Value \$0.10 Per Share	New York Stock Exchange
Depository Shares, each representing 1/20 of a share of 6.375% Class A Cumulative Redeemable Preferred Shares without Par Value	New York Stock Exchange
Depository Shares, each representing 1/20 of a share of 6.5% Class J Cumulative Redeemable Preferred Shares without Par Value	New York Stock Exchange
Depository Shares, each representing 1/20 of a share of 6.25% Class K Cumulative Redeemable Preferred Shares without Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer (Do not check if a smaller reporting company)		Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting stock held by non-affiliates of the registrant at June 30, 2017, was \$2.8 billion.

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

369,149,302 common shares outstanding as of February 15, 2018

DOCUMENTS INCORPORATED BY REFERENCE

The registrant incorporates by reference in Part III hereof portions of its definitive Proxy Statement for its 2018 Annual Meeting of Shareholders.

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PART I

Item 1. BUSINESS

General Development of Business

DDR Corp., an Ohio corporation (the “Company” or “DDR”), a self-administered and self-managed real estate investment trust (“REIT”), is in the business of acquiring, owning, developing, redeveloping, expanding, leasing, financing and managing shopping centers. Unless otherwise provided, references herein to the Company or DDR include DDR Corp. and its wholly-owned subsidiaries and consolidated and unconsolidated joint ventures.

The Company is self-administered and self-managed and, therefore, has not engaged, nor does it expect to retain, any REIT advisor. The Company manages all of the Portfolio Properties as defined herein. At December 31, 2017, the Company owned and managed approximately 92 million total square feet of gross leasable area (“GLA”).

The primary source of the Company’s income is generated from the rental of the Company’s Portfolio Properties to tenants. In addition, the Company generates revenue from its management contracts for the unconsolidated joint venture assets, as well as interest income from notes receivable.

On December 14, 2017, DDR announced its intent to spin off a portfolio of 50 assets that includes 38 continental U.S. assets and all 12 of its Puerto Rico assets into a separate publicly-traded REIT called Retail Value Inc. (“RVI”), in the summer of 2018 that will seek to realize value for its shareholders through operations and asset sales. These properties comprise 16 million square feet of Company-owned GLA and are located in 17 states and Puerto Rico, which have a combined gross book value of \$2.9 billion as of December 31, 2017. It is expected that RVI will be managed by DDR.

Financial Information About Industry Segments

See the Consolidated Financial Statements and Notes thereto included in Item 8 of this Annual Report on Form 10-K for certain information regarding the Company’s reportable segments, which is incorporated herein by reference to such information.

Narrative Description of Business

The Company’s portfolio as of February 15, 2018, consisted of 270 shopping centers (including 136 centers owned through joint ventures) and more than 250 acres of undeveloped land (of which approximately 40 acres are owned through unconsolidated joint ventures). The shopping centers are located in 32 states as well as Puerto Rico (12 assets). The shopping centers and land are collectively referred to as the “Portfolio Properties.” From January 1, 2015, to February 15, 2018, the Company sold 145 shopping centers (including 49 properties owned through unconsolidated joint ventures) aggregating 23.9 million square feet of Company-owned GLA for an aggregate sales price of \$3.1 billion. From January 1, 2015, to February 15, 2018, the Company acquired 13 shopping centers (including six that were acquired by one unconsolidated joint venture and one that was acquired from an unconsolidated joint venture) aggregating 3.4 million square feet of Company-owned GLA for an aggregate purchase price of \$0.8 billion.

The following tables present the operating statistics affecting base and percentage rental revenues summarized by the following portfolios: combined shopping center portfolio, wholly-owned shopping center portfolio and joint venture shopping center portfolio.

	Combined Shopping Center Portfolio December 31,		Wholly-Owned Shopping Centers December 31,		Joint Venture Shopping Centers December 31,	
	2017	2016	2017	2016	2017	2016
Centers owned	273	319	136	167	137	152
Aggregate occupancy rate(A)	91.1%	93.3%	90.8%	93.2%	91.6%	93.4%
Average annualized base rent per occupied square foot	\$ 15.77	\$ 15.00	\$ 16.62	\$ 15.54	\$ 14.50	\$ 14.17

(A) The decrease in occupancy rates in 2017 primarily was due to anchor store closures and tenant bankruptcies.

Redefined Strategy

The overall investment, operating and financing policies of the Company, which govern a variety of activities, such as capital allocations, dividends and status as a REIT, are determined by management and the Board of Directors. Although management and the Board of Directors have no present intention to materially amend or revise its policies, the Board of Directors may do so from time to time without a vote of the Company’s shareholders.

The Company's mission is to provide the most compelling shopping experience for its retail partners by owning a high-quality portfolio of open-air shopping centers. The Company strives to deliver attractive total shareholder return through earnings growth, a sustainable dividend and a strong balance sheet that is well-positioned through all cycles.

In 2017, the new senior management team completed several key objectives, which included the streamlining of the Company's organizational structure, completing several capital markets transactions to improve the balance sheet and conducting a strategic portfolio review that resulted in the decision to sell \$900 million of assets, as well as pursue the spin-off of 50 assets into a separate, publicly-traded REIT in mid-2018. Looking forward, the Company believes that the combination of realization of value in RVI and growth in cash flows at the remaining assets in DDR should translate into net asset growth over time for its investors. After the completion of the spin-off, growth opportunities within the core property operations include rental increases and continued lease-up of the portfolio. Additional growth opportunities include a renewed focus on redevelopment of strong assets remaining in the DDR portfolio, completion of the disposition program and opportunistic investments. Other opportunities include expansion and reformatting to accommodate high-credit-quality tenants and downsizing or reconfiguring junior anchors to enhance the merchandising mix of shopping centers, both of which the Company believes will generate higher blended rental rates and operating cash flows. In addition to the deleveraging efforts, management intends to use proceeds from the sale of lower growth assets for opportunistic acquisitions that offer growth potential through specialized leasing and redevelopments efforts.

The Company believes the following serve as cornerstones for the execution of its strategy:

- Maximization of recurring cash flows through strong leasing and core property operations;
- Enhancement of property cash flows through continual creative, proactive redevelopment efforts that result in the profitable adaptation of assets to better suit dynamic retail tenant and community demands;
- Growth in Company cash flows through capital recycling, especially the redeployment of capital from mature, slower growing assets into opportunistic acquisitions with leasing and redevelopment potential;
- Risk mitigation through continuous focus on decreasing leverage levels and maintaining lengthy average debt maturities, as well as access to a diverse selection of capital sources, including the secured and unsecured debt markets, a large unsecured line of credit and equity from a wide range of joint venture partners and
- Sustainability of growth through a constant focus on relationships with investor, tenant, employee, community and environmental constituencies.

Recent Developments

See "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 7 and the Consolidated Financial Statements and Notes thereto included in Item 8 of this Annual Report on Form 10-K for the year ended December 31, 2017, for information on certain recent developments of the Company, which is incorporated herein by reference to such information.

Tenants and Competition

As one of the nation's largest owners and operators of open-air shopping centers (measured by total GLA), the Company has established close relationships with a large number of major national and regional retailers. The Company's management is associated with, and actively participates in, many shopping center and REIT industry organizations.

Notwithstanding these relationships, numerous real estate companies and developers, private and public, compete with the Company in leasing space in shopping centers to tenants. The Company competes with other real estate companies and developers in terms of rental rate, property location, availability of other space, management services and maintenance.

The Company's five largest tenants based on the Company's aggregate annualized base rental revenues, including its proportionate share of joint venture aggregate annualized base rental revenues, are TJX Companies, Bed Bath & Beyond, PetSmart, AMC Theatres and Best Buy, representing 4.3%, 3.5%, 2.7%, 2.5% and 2.4%, respectively, of the Company's aggregate annualized base rental revenues at December 31, 2017. For more information on the Company's tenants, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the caption Company Fundamentals.

Qualification as a Real Estate Investment Trust

As of December 31, 2017, the Company met the qualification requirements of a REIT under Sections 856-860 of the Internal Revenue Code of 1986, as amended (the "Code"). As a result, the Company, with the exception of its taxable REIT subsidiary ("TRS"), will not be subject to federal income tax to the extent it meets certain requirements of the Code.

Employees

As of January 31, 2018, the Company had 447 full-time employees. The Company considers its relations with its personnel to be good.

Executive Officers of the Registrant

The section below provides information regarding the Company's executive officers as of February 15, 2018:

David R. Lukes, age 48, has served as President and Chief Executive Officer of DDR and has been a member of DDR's Board of Directors since March 2017. Prior to joining DDR, Mr. Lukes served as Chief Executive Officer and President of Equity One, Inc., an owner, developer and operator of shopping centers, from June 2014 and January 2017, respectively, and served as its Executive Vice President from May 2014 to June 2014. Mr. Lukes also served as President and Chief Executive Officer of Sears Holding Corporation affiliate Seritage Realty Trust, a REIT primarily engaged in the re-leasing of shopping centers, from 2012 through April 2014 and as President and Chief Executive Officer of Olshan Properties (formerly Mall Properties, Inc.) from 2010 through 2012. From 2002 to 2010, Mr. Lukes served in various senior management positions at Kimco Realty Corporation, including serving as its Chief Operating Officer from 2008 to 2010. Mr. Lukes holds a Bachelor of Environmental Design from Miami University, a Master of Architecture from the University of Pennsylvania and a Master of Science in real estate development from Columbia University.

Michael A. Makinen, age 53, has served as Executive Vice President and Chief Operating Officer of DDR since March 2017. Prior to joining DDR, he served as Chief Operating Officer of Equity One, Inc. from July 2014. Mr. Makinen also served as Chief Operating Officer of Olshan Properties, a privately owned real estate firm specializing in commercial real estate, from 2010 to June 2014, as Vice President of Real Estate of United Retail Group from 2008 to 2010, as Vice President of Real Estate of Linens 'n Things from 2004 to 2008 and as Executive Vice President of Thompson Associate, Inc., a real estate consulting firm, from 1990 to 2004. Mr. Makinen holds a Bachelor of Science from Michigan State University and a Master of Arts in geography from Indiana University.

Matthew L. Ostrower, age 47, has served as Executive Vice President, Chief Financial Officer and Treasurer of DDR since March 2017. Prior to joining DDR, he served as Executive Vice President of Equity One, Inc. from March 2015 and as Chief Financial Officer and Treasurer from April 2015. Prior to Equity One, Mr. Ostrower served as Managing Director and Associate Director of Research at Morgan Stanley from 2010 and previously served as a Vice President, Executive Director and a Managing Director at Morgan Stanley, an investment bank, from 2000 to 2008. From 2008 to 2009, Mr. Ostrower was a founding member of the Gerrity Group, a private retail real estate company focused on the management, leasing and disposition of shopping centers, where he was responsible for capital raising and investment strategy. Mr. Ostrower also served as a member of the Board of Directors of Ramco-Gershenson Properties Trust, a public retail real estate investment trust, from 2010 to February 2015. Mr. Ostrower holds a dual Master of Science in real estate and city planning from Massachusetts Institute of Technology and a Bachelor of Arts degree from Tufts University. Mr. Ostrower is also a Chartered Financial Analyst (CFA).

Christa A. Vesey, age 47, is Executive Vice President & Chief Accounting Officer of DDR, a position she assumed in March 2012. From July 2016 to March 2017, Ms. Vesey also served as DDR's Interim Chief Financial Officer. In these roles, Ms. Vesey oversees the property and corporate accounting and financial reporting functions for DDR. Previously, Ms. Vesey served as Senior Vice President & Chief Accounting Officer of DDR since November 2006. Prior to joining DDR, Ms. Vesey worked for The Lubrizol Corporation, where she served as manager of external financial reporting and then as controller for the lubricant additives business segment. Prior to joining Lubrizol, from 1993 to September 2004, Ms. Vesey held various positions with the Assurance and Business Advisory Services group of PricewaterhouseCoopers LLP, a registered public accounting firm, including Senior Manager from 1999 to September 2004. Ms. Vesey graduated with a Bachelor of Science in business administration from Miami University. Ms. Vesey is a certified public accountant (CPA) and member of the American Institute of Certified Public Accountants (AICPA).

Corporate Headquarters

The Company is an Ohio corporation and was incorporated in 1992. The Company's executive offices are located at 3300 Enterprise Parkway, Beachwood, Ohio 44122, and its telephone number is (216) 755-5500. The Company's website is <http://www.ddr.com>. The Company uses the Investors section of its website as a channel for routine distribution of important information, including news releases, analyst presentations and financial information. The Company posts filings as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC, including the Company's annual, quarterly and current reports on Forms 10-K, 10-Q and 8-K, the Company's proxy statements and any amendments to those reports or statements. All such postings and filings are available on the Company's website free of charge. In addition, this website allows investors and other interested persons to sign up to automatically receive e-mail alerts when the Company posts news releases and financial information on its website. The SEC also maintains a website (<https://www.sec.gov>) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The content on, or accessible through, any website referred to in this Annual Report on Form 10-K for the fiscal year ended December 31, 2017, is not incorporated by reference into, and shall not be deemed part of, this Form 10-K unless expressly noted.

Item 1A. RISK FACTORS

The risks described below could materially and adversely affect the Company's results of operations, financial condition, liquidity and cash flows. These risks are not the only risks the Company faces. The Company's business operations could also be affected by additional factors that are not presently known to it or that the Company currently considers to be immaterial to its operations.

The Economic Performance and Value of the Company's Shopping Centers Depend on Many Factors, Each of Which Could Have an Adverse Impact on the Company's Cash Flows and Operating Results

The economic performance and value of the Company's real estate holdings can be affected by many factors, including the following:

- Changes in the national, regional, local and international economic climate;
- Local conditions, such as an oversupply of space or a reduction in demand for real estate in the area;
- The attractiveness of the properties to tenants;
- The increase in consumer purchases through the internet;
- The Company's ability to provide adequate management services and to maintain its properties;
- Increased operating costs, if these costs cannot be passed through to tenants and
- The expense of periodically renovating, repairing and re-letting spaces.

Because the Company's properties consist of retail shopping centers, the Company's performance is linked to general economic conditions in the retail market, including conditions that affect consumers' purchasing behaviors and disposable income. The market for retail space has been and may continue to be adversely affected by weakness in the national, regional and local economies, the adverse financial condition of some large retailing companies, the ongoing consolidation in the retail sector, increases in consumer internet purchases and the excess amount of retail space in a number of markets. The Company's performance is affected by its tenants' results of operations, which are impacted by macroeconomic factors that affect consumers' ability to purchase goods and services. If the price of the goods and services offered by its tenants materially increases, including as a result of increases in taxes or tariffs resulting from, among other things, potential changes in the Code, the operating results and the financial condition of the Company's tenants and demand for retail space could be adversely affected. To the extent that any of these conditions occur, they are likely to affect market rents for retail space. In addition, the Company may face challenges in the management and maintenance of its properties or incur increased operating costs, such as real estate taxes, insurance and utilities, that may make its properties unattractive to tenants. The loss of rental revenues from a number of the Company's tenants and its inability to replace such tenants may adversely affect the Company's profitability and ability to meet its debt and other financial obligations and make distributions to shareholders.

E-commerce May Have an Adverse Impact on the Company's Tenants and Business.

E-commerce continues to gain in popularity and growth in internet sales is likely to continue in the future. Our tenants have experienced competition from internet retailers and this could continue to result in a downturn or distress in the business of some of the Company's tenants and could affect the way other current and future tenants lease space. For example, the migration toward e-commerce has led many omni-channel retailers to reduce the number and size of their traditional "bricks and mortar" locations and increasingly rely on e-commerce and alternative distribution channels. The Company cannot predict with certainty how growth in e-commerce will impact the demand for space at its properties or how much revenue will be generated at traditional store locations in the future. If the Company is unable to anticipate and respond promptly to trends in retailer and consumer behavior, or if demand for traditional retail space significantly decreases, the Company's occupancy levels and operating results could be materially and adversely affected.

The Company Relies on Major Tenants, Making It Vulnerable to Changes in the Business and Financial Condition of, or Demand for Its Space by, Such Tenants

As of December 31, 2017, the annualized base rental revenues of the Company's tenants that are equal to or exceed 1.5% of the Company's aggregate annualized shopping center base rental revenues, including its proportionate share of joint venture aggregate annualized shopping center base rental revenues, are as follows:

Tenant	% of Annualized Base Rental Revenues
TJX Companies, Inc.	4.3%
Bed Bath & Beyond Inc.	3.5%
PetSmart, Inc.	2.7%
AMC Entertainment	2.5%
Best Buy Co., Inc.	2.4%
Dick's Sporting Goods, Inc.	2.4%
Ross Stores, Inc.	2.2%
Kohl's Department Stores, Inc.	2.0%
Michaels Companies, Inc.	1.9%
Gap Inc.	1.8%
Walmart Inc.	1.6%
Ulta Beauty, Inc.	1.6%

The retail shopping sector has been affected by economic conditions as well as the competitive nature of the retail business and the competition for market share where stronger retailers have out-positioned some of the weaker retailers. These shifts have forced some market share away from weaker retailers and required them, in some cases, to declare bankruptcy and/or close stores.

As information becomes available regarding the status of the Company's leases with tenants in financial distress or as the future plans for their spaces change, the Company may be required to write off and/or accelerate depreciation and amortization expense associated with a significant portion of the tenant-related deferred charges in future periods. The Company's income and ability to meet its financial obligations could also be adversely affected in the event of the bankruptcy, insolvency or significant downturn in the business of one of these tenants or any of the Company's other major tenants. In addition, the Company's results could be adversely affected if any of these tenants do not renew their leases as they expire on terms favorable to the Company or at all.

The Company's Dependence on Rental Income May Adversely Affect Its Ability to Meet Its Debt Obligations and Make Distributions to Shareholders

Substantially all of the Company's income is derived from rental income from real property. As a result, the Company's performance depends on its ability to collect rent from tenants. The Company's income and funds for distribution would be negatively affected if a significant number of its tenants, or any of its major tenants, were to do the following:

- Experience a downturn in their business that significantly weakens their ability to meet their obligations to the Company;
- Delay lease commencements;
- Decline to extend or renew leases upon expiration;
- Fail to make rental payments when due or
- Close stores or declare bankruptcy.

Any of these actions could result in the termination of tenants' leases and the loss of rental income attributable to the terminated leases. Lease terminations by an anchor tenant or a failure by that anchor tenant to occupy the premises could also result in lease terminations or reductions in rent by other tenants in the same shopping centers under the terms of some leases. In addition, the Company cannot be certain that any tenant whose lease expires will renew that lease or that it will be able to re-lease space on economically advantageous terms. The loss of rental revenues from a number of the Company's major tenants and its inability to replace such tenants may adversely affect the Company's profitability and its ability to meet debt and other financial obligations and make distributions to shareholders.

The Company's Ability to Increase Its Debt Could Adversely Affect Its Cash Flow

At December 31, 2017, the Company had outstanding debt of \$3.9 billion (excluding its proportionate share of unconsolidated joint venture mortgage debt aggregating \$0.4 billion as of December 31, 2017). The Company intends to maintain a conservative ratio of debt to total market capitalization (the sum of the aggregate market value of the Company's common shares and operating partnership units, the liquidation preference on any preferred shares outstanding and its total consolidated indebtedness). The Company is subject to limitations under its credit facilities and indentures relating to its ability to incur additional debt; however, the Company's organizational documents do not contain any limitation on the amount or percentage of indebtedness it may incur. If the Company were to become more highly leveraged, its cash needs to fund debt service would increase accordingly. Under such circumstances, the Company's risk of decreases in cash flow due to fluctuations in the real estate market, reliance on its major tenants, acquisition and development costs and the other factors discussed in these risk factors, could subject the Company to an even greater adverse impact on its financial condition and results of operations. In addition, increased leverage could increase the risk of default on the Company's debt obligations, which could further reduce its cash available for distribution and adversely affect its ability to dispose of its portfolio on favorable terms, which could cause the Company to incur losses and reduce its cash flows.

Disruptions in the Financial Markets Could Affect the Company's Ability to Obtain Financing on Reasonable Terms and Have Other Adverse Effects on the Company and the Market Price of the Company's Common Shares

The U.S. and global equity and credit markets have experienced significant price volatility, dislocations and liquidity disruptions in the past, which have caused market prices of many stocks to fluctuate substantially and the spreads on prospective debt financings to widen considerably. These circumstances materially affected liquidity in the financial markets, making terms for certain financings less attractive and, in certain cases, resulting in the unavailability of certain types of financing. Uncertainty in the equity and credit markets may negatively affect the Company's ability to access additional financing at reasonable terms or at all, which may negatively affect the Company's ability to refinance its debt, obtain new financing or make acquisitions. These circumstances may also adversely affect the Company's tenants, including their ability to enter into new leases, pay their rents when due and renew their leases at rates at least as favorable as their current rates.

A prolonged downturn in the equity or credit markets may cause the Company to seek alternative sources of potentially less attractive financing and may require it to adjust its business plan accordingly. In addition, these factors may make it more difficult for the Company to sell properties or may adversely affect the price it receives for properties that it does sell, as prospective buyers may experience increased costs of financing or difficulties in obtaining financing. These events in the equity and credit markets may make it more difficult or costly for the Company to raise capital through the issuance of its equity or debt securities. These disruptions in the financial markets also may have a material adverse effect on the market value of the Company's common shares and other adverse effects on the Company or the economy in general. There can be no assurances that government responses to the disruptions in the financial markets will restore consumer confidence, stabilize the markets or increase liquidity and the availability of equity or credit financing.

Changes in the Company's Credit Ratings or the Debt Markets, as well as Market Conditions in the Credit Markets, Could Adversely Affect the Company's Publicly Traded Debt and Revolving Credit Facilities

The market value for the Company's publicly traded debt depends on many factors, including the following:

- The Company's credit ratings with major credit rating agencies;
- The prevailing interest rates being paid by, or the market price for publicly traded debt issued by, other companies similar to the Company;
- The Company's financial condition, liquidity, leverage, financial performance and prospects and
- The overall condition of the financial markets.

The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. The U.S. credit markets and the sub-prime residential mortgage market have experienced severe dislocations and liquidity disruptions in the past. Furthermore, uncertain market conditions can be exacerbated by leverage. The occurrence of these circumstances in the credit markets and/or additional fluctuations in the financial markets and prevailing interest rates could have an adverse effect on the Company's ability to access capital and its cost of capital.

In addition, credit rating agencies continually review their ratings for the companies they follow, including the Company. The credit rating agencies also evaluate the real estate industry as a whole and may change their credit rating for the Company based on their overall view of the industry. Any rating organization that rates the Company's publicly traded debt may lower the rating or decide, at its sole discretion, not to rate the publicly traded debt. The ratings of the Company's publicly traded debt are based primarily on the rating organization's assessment of the likelihood of timely payment of interest when due and the payment of

principal on the maturity date. A negative change in the Company's rating could have an adverse effect on the Company's credit facilities and market price of the Company's publicly traded debt as well as the Company's ability to access capital and its cost of capital.

The Company's Cash Flows and Operating Results Could Be Adversely Affected by Required Payments of Debt or Related Interest and Other Risks of Its Debt Financing

The Company is generally subject to the risks associated with debt financing. These risks include the following:

- The Company's cash flow may not satisfy required payments of principal and interest;
- The Company may not be able to refinance existing indebtedness on its properties as necessary, or the terms of the refinancing may be less favorable to the Company than the terms of existing debt;
- Required debt payments are not reduced if the economic performance of any property declines;
- Debt service obligations could reduce funds available for distribution to the Company's shareholders and funds available for development, redevelopment and acquisitions;
- Any default on the Company's indebtedness could result in acceleration of those obligations, which could result in the acceleration of other debt obligations and possible loss of property to foreclosure and
- The Company may not be able to finance necessary capital expenditures for purposes such as re-leasing space on favorable terms or at all.

If a property is mortgaged to secure payment of indebtedness and the Company cannot or does not make the mortgage payments, it may have to surrender the property to the lender with a consequent loss of any prospective income and equity value from such property, which may also adversely affect the Company's credit ratings. Any of these risks can place strains on the Company's cash flows, reduce its ability to grow and adversely affect its results of operations.

The Company's Financial Condition Could Be Adversely Affected by Financial Covenants

The Company's credit facilities and the indentures under which its senior and subordinated unsecured indebtedness is, or may be, issued contain certain financial and operating covenants, including, among other things, leverage ratios and certain coverage ratios, as well as limitations on the Company's ability to incur secured and unsecured indebtedness, sell all or substantially all of its assets and engage in mergers and certain acquisitions. These credit facilities and indentures also contain customary default provisions including the failure to pay principal and interest issued thereunder in a timely manner, the failure to comply with the Company's financial and operating covenants, the occurrence of a material adverse effect on the Company and the failure of the Company or its majority-owned subsidiaries (i.e., entities in which the Company has a greater than 50% interest) to pay when due certain indebtedness in excess of certain thresholds beyond applicable grace and cure periods. These covenants could limit the Company's ability to obtain additional funds needed to address cash shortfalls or pursue growth opportunities or transactions that would provide substantial return to its shareholders. In addition, a breach of these covenants could cause a default or accelerate some or all of the Company's indebtedness, which could have a material adverse effect on its financial condition.

The Company Has Variable-Rate Debt and Is Subject to Interest Rate Risk

The Company has indebtedness with interest rates that vary depending upon the market index. In addition, the Company has revolving credit facilities that bear interest at a variable rate on any amounts drawn on the facilities. The Company may incur additional variable-rate debt in the future. Increases in interest rates on variable-rate debt would increase the Company's interest expense, which would negatively affect net earnings and cash available for payment of its debt obligations and distributions to its shareholders.

Property Ownership Through Partnerships and Joint Ventures Could Limit the Company's Control of Those Investments and Reduce Its Expected Return

Partnership or joint venture investments may involve risks not otherwise present for investments made solely by the Company, including the possibility that the Company's partner or co-venturer might become bankrupt, that its partner or co-venturer might at any time have different interests or goals than the Company and that its partner or co-venturer may take action contrary to the Company's instructions, requests, policies or objectives, including the Company's policy with respect to maintaining its qualification as a REIT. In addition, the Company's partner or co-venturer could have different investment criteria that would impact the assets held by the joint venture or its interest in the joint venture, which may also reduce the carrying value of its equity investments if a loss in the carrying value of the investment is realized. These situations could have an impact on the Company's revenues from its joint ventures. Other risks of joint venture investments include impasse on decisions, such as a sale, because neither the Company's partner or co-venturer nor the Company would have full control over the partnership or joint venture. These factors could limit the return that

the Company receives from such investments, cause its cash flows to be lower than its estimates or lead to business conflicts or litigation. There is no limitation under the Company's Articles of Incorporation, or its Code of Regulations, as to the amount of funds that the Company may invest in partnerships or joint ventures. In addition, a partner or co-venturer may not have access to sufficient capital to satisfy its funding obligations to the joint venture. Furthermore, if credit conditions in the capital markets deteriorate, the Company could be required to reduce the carrying value of its equity method investments if a loss in the carrying value of the investment is realized or considered an other than temporary decline. As of December 31, 2017, the Company had \$383.8 million of investments in and advances to unconsolidated joint ventures holding 136 shopping centers.

The Company's Real Estate Assets May Be Subject to Impairment Charges

On a periodic basis, the Company assesses whether there are any indicators that the value of its real estate assets and other investments may be impaired. A property's value is impaired only if the estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the carrying value of the property. In the Company's estimate of cash flows, it considers factors such as expected future operating income, trends and prospects, the effects of demand, competition and other factors. If the Company is evaluating the potential sale of an asset or development alternatives, the undiscounted future cash flow considerations include the most likely course of action at the balance sheet date based on current plans, intended holding periods and available market information. The Company is required to make subjective assessments as to whether there are impairments in the value of its real estate assets and other investments. These assessments have a direct impact on the Company's earnings because recording an impairment charge results in an immediate negative adjustment to earnings. For example, in 2017, the Company recorded impairment charges at 27 operating shopping centers and land parcels aggregating \$340.5 million. There can be no assurance that the Company will not take additional charges in the future related to the impairment of its assets. Any future impairment could have a material adverse effect on the Company's results of operations in the period in which the charge is taken.

The Company's Acquisition Activities May Not Produce the Cash Flows That It Expects and May Be Limited by Competitive Pressures or Other Factors

The Company intends to acquire retail properties only to the extent that suitable acquisitions can be made on advantageous terms. Acquisitions of commercial properties entail risks such as the following:

- The Company may be unable to identify, or may have difficulty identifying, acquisition opportunities that fit its investment strategy;
- The Company's estimates on expected occupancy and rental rates may differ from actual conditions;
- The Company's estimates of the costs of any redevelopment or repositioning of acquired properties may prove to be inaccurate;
- The Company may be unable to operate successfully in new markets where acquired properties are located due to a lack of market knowledge or understanding of local economies;
- The properties may become subject to environmental liabilities that the Company was unaware of at the time the Company acquired the property;
- The Company may be unable to successfully integrate new properties into its existing operations or
- The Company may have difficulty obtaining financing on acceptable terms or paying the operating expenses and debt service associated with acquired properties prior to sufficient occupancy.

In addition, the Company may not be in a position or have the opportunity in the future to make suitable property acquisitions on advantageous terms due to competition for such properties with others engaged in real estate investment, some of which may have greater financial resources than the Company. The Company's inability to successfully acquire new properties may affect the Company's ability to achieve its anticipated return on investment, which could have an adverse effect on its results of operations.

Real Estate Property Investments Are Illiquid; Therefore, the Company May Not Be Able to Dispose of Properties When Desired or on Favorable Terms

Real estate investments generally cannot be disposed of quickly. In addition, the Code imposes restrictions, which are not applicable to other types of real estate companies, on the ability of a REIT to dispose of properties. Therefore, the Company may not be able to diversify its portfolio in response to economic or other conditions promptly or on favorable terms, which could cause the Company to incur losses and reduce its cash flows and adversely affect distributions to shareholders.

The Proposed Spin-off of 38 continental U.S. Assets and All 12 of the Company's Puerto Rico Assets into a Separate, Publicly-Traded REIT May Not Be Completed on the Currently Contemplated Timeline or Terms, or at All, and May Not Achieve the Intended Benefits

On December 14, 2017, the Company announced a plan to spin off 38 continental U.S. assets and all 12 of its Puerto Rico assets into a separate, publicly-traded REIT to be named Retail Value Inc. ("RVI"), for the purpose of realizing value from these assets through operations and private market sales. The Company expects RVI to elect to be treated as and qualify for taxation as a REIT for U.S. federal income tax purposes. The Company currently expects to complete the spin-off in the summer of 2018, although there can be no assurance as to whether or when the spin-off will occur, the final structure of RVI or the tax treatment of RVI or the spin-off.

The completion of the spin-off will be subject to various conditions, including declaration by the SEC that RVI's registration statement on Form 10 is effective, customary third-party consents and final approval and declaration of the distribution of RVI's stock to the Company's shareholders by the Company's Board of Directors. Satisfaction of such conditions and other unforeseen developments could delay or prevent the spin-off or cause the spin-off to occur on terms or conditions that are less favorable and/or different than anticipated. To the extent the Company is unable to complete the spin-off, the Company's future performance and the trading price of its shares may be adversely affected. If the spin-off is consummated, the combined value of the common shares of the two publicly traded companies may not be equal to or greater than what the value of the Company's common shares would have been had the spin-off not occurred. Furthermore, it is expected that the trading value of the Company's common shares will decrease significantly immediately after the spin-off. The Company also expects to incur significant expenses in connection with its pursuit of the spin-off.

In the event the spin-off is consummated, the Company and its shareholders may not be able to achieve the full strategic and financial benefits that are currently anticipated to result from the spin-off, or such benefits may be delayed, particularly if RVI is unable to dispose of its assets on favorable terms and on anticipated timelines. RVI's ability to execute on its plan to sell assets is dependent on many factors, including the level of demand and pricing for such assets and restrictions on sales set forth in the terms of its indebtedness. Even if RVI is able to dispose of assets on favorable terms and on anticipated timeline, the ability to distribute sales proceeds to shareholders will be subject to significant restrictions set forth in the terms of RVI's indebtedness. Furthermore, the Company expects initially to collect significant management fees from RVI. Asset sales by RVI will result in decreased management fees paid to the Company. These decreases could be dramatic if RVI is able to dispose of assets quickly or if RVI otherwise terminates the management agreements.

In the event the spin-off is consummated, certain members of the Company's Board of Directors and management are expected to own shares of RVI, including as a result of the distribution of RVI shares made on account of Company shares currently owned by such individuals. Ownership of RVI shares by these individuals could create, or appear to create, potential conflicts of interest when the Company's directors and executive officers are faced with decisions that could have different implications for the Company and RVI. It is possible that some of the Company's current or former officers or directors might also be directors of RVI following the spin-off. This may create, or appear to create, potential conflicts of interest if these directors or officers are faced with decisions that could have different implications for RVI and the Company.

The Company's Development, Redevelopment and Construction Activities Could Affect Its Operating Results

The Company intends to continue the selective development, redevelopment and construction of retail properties in accordance with its development underwriting policies as opportunities arise. The Company's development, redevelopment and construction activities include the following risks:

- Construction costs of a project may exceed the Company's original estimates;
- Occupancy rates and rents at a newly completed property may not be sufficient to make the property profitable;
- Rental rates per square foot could be less than projected;
- Financing may not be available to the Company on favorable terms for development of a property;
- The Company may not complete construction and lease-up on schedule, resulting in increased debt service expense and construction costs;

- The Company may not be able to obtain, or may experience delays in obtaining, necessary zoning, land use, building, occupancy and other required governmental permits and authorizations and
- The Company may abandon development or redevelopment opportunities after expending resources to determine feasibility.

Additionally, the time frame required for development, construction and lease-up of these properties means that the Company may wait several years for a significant cash return. If any of the above events occur, the development of properties may hinder the Company's growth and have an adverse effect on its results of operations and cash flows. In addition, new development activities, regardless of whether they are ultimately successful, typically require substantial time and attention from management.

If the Company Fails to Qualify as a REIT in Any Taxable Year, It Will Be Subject to U.S. Federal Income Tax as a Regular Corporation and Could Have Significant Tax Liability

The Company intends to operate in a manner that allows it to qualify as a REIT for U.S. federal income tax purposes. However, REIT qualification requires that the Company satisfy numerous requirements (some on an annual or quarterly basis) established under highly technical and complex provisions of the Code, for which there are a limited number of judicial or administrative interpretations. The Company's status as a REIT requires an analysis of various factual matters and circumstances that are not entirely within its control. Accordingly, the Company's ability to qualify and remain qualified as a REIT for U.S. federal income tax purposes is not certain. Even a technical or inadvertent violation of the REIT requirements could jeopardize the Company's REIT qualification. Furthermore, Congress or the Internal Revenue Service ("IRS") might change the tax laws or regulations and the courts could issue new rulings, in each case potentially having a retroactive effect that could make it more difficult or impossible for the Company to continue to qualify as a REIT. If the Company fails to qualify as a REIT in any tax year, the following would result:

- The Company would be taxed as a regular domestic corporation, which, among other things, means that it would be unable to deduct distributions to its shareholders in computing its taxable income and would be subject to U.S. federal income tax on its taxable income at regular corporate rates;
- Any resulting tax liability could be substantial and would reduce the amount of cash available for distribution to shareholders and could force the Company to liquidate assets or take other actions that could have a detrimental effect on its operating results and
- Unless the Company were entitled to relief under applicable statutory provisions, it would be disqualified from treatment as a REIT for the four taxable years following the year during which the Company lost its qualification, and its cash available for debt service obligations and distribution to its shareholders, therefore, would be reduced for each of the years in which the Company does not qualify as a REIT.

Even if the Company remains qualified as a REIT, it may face other tax liabilities that reduce its cash flow. The Company's TRS is subject to taxation, and any changes in the laws affecting the Company's TRS may increase the Company's tax expenses. The Company may also be subject to certain federal, state and local taxes on its income and property either directly or at the level of its subsidiaries. Any of these taxes would decrease cash available for debt service obligations and distribution to the Company's shareholders.

Compliance with REIT Requirements May Negatively Affect the Company's Operating Decisions

To maintain its status as a REIT for U.S. federal income tax purposes, the Company must meet certain requirements on an ongoing basis, including requirements regarding its sources of income, the nature and diversification of its assets, the amounts the Company distributes to its shareholders and the ownership of its shares. The Company may also be required to make distributions to its shareholders when it does not have funds readily available for distribution or at times when the Company's funds are otherwise needed to fund capital expenditures or debt service obligations.

As a REIT, the Company must distribute at least 90% of its annual net taxable income (excluding net capital gains) to its shareholders. To the extent that the Company satisfies this distribution requirement, but distributes less than 100% of its net taxable income, the Company will be subject to U.S. federal corporate income tax on its undistributed taxable income. In addition, the Company will be subject to a 4% non-deductible excise tax if the actual amount paid to its shareholders in a calendar year is less than the minimum amount specified under U.S. federal tax laws. From time to time, the Company may generate taxable income greater than its income for financial reporting purposes, or its net taxable income may be greater than its cash flow available for distribution to its shareholders. If the Company does not have other funds available in these situations, it could be required to borrow funds, sell its securities or a portion of its properties at unfavorable prices or find other sources of funds in order to meet the REIT distribution requirements and avoid corporate income tax and the 4% excise tax.

In addition, the REIT provisions of the Code impose a 100% tax on income from “prohibited transactions.” Prohibited transactions generally include sales of assets, other than foreclosure property, that constitute inventory or other property held for sale to customers in the ordinary course of business. This 100% tax could affect the Company’s decisions to sell property if it believes such sales could be treated as a prohibited transaction. However, the Company would not be subject to this tax if it were to sell assets through its TRS. The Company will also be subject to a 100% tax on certain amounts if the economic arrangements between the Company and its TRS are not comparable to similar arrangements among unrelated parties.

Proposed and potential future proposed reforms of the Code, if enacted, could adversely affect existing REITs. Such proposals could result in REITs having fewer tax advantages and could adversely affect REIT shareholders. It is impossible for the Company to predict the nature of or extent of any new tax legislation on the real estate industry in general and REITs in particular. In addition, some proposals under consideration may adversely affect the Company’s tenants operating results, financial condition and/or future business planning, which could adversely affect the Company and consequently, to the Company’s stockholders.

Dividends Paid by REITs Generally Do Not Qualify for Reduced Tax Rates

In general, the maximum U.S. federal income tax rate for dividends paid to individual U.S. shareholders is 20%. Due to its REIT status, the Company’s distributions to individual shareholders generally are not eligible for the reduced rates.

The Company Is Subject to Litigation That Could Adversely Affect Its Results of Operations

The Company is a defendant from time to time in lawsuits and regulatory proceedings relating to its business. Due to the inherent uncertainties of litigation and regulatory proceedings, the Company cannot accurately predict the ultimate outcome of any such litigation or proceedings. An unfavorable outcome could adversely affect the Company’s business, financial condition or results of operations. Any such litigation could also lead to increased volatility of the trading price of the Company’s common shares. For a further discussion of litigation risks, see “Legal Matters” in Note 9, “Commitments and Contingencies,” to the Company’s consolidated financial statements.

The Company’s Real Estate Investments May Contain Environmental Risks That Could Adversely Affect Its Results of Operations

The acquisition and ownership of properties may subject the Company to liabilities, including environmental liabilities. The Company’s operating expenses could be higher than anticipated due to the cost of complying with existing or future environmental laws and regulations. In addition, under various federal, state and local laws, ordinances and regulations, the Company may be considered an owner or operator of real property or to have arranged for the disposal or treatment of hazardous or toxic substances. As a result, the Company may become liable for the costs of removal or remediation of certain hazardous substances released on or in its properties. The Company may also be liable for other potential costs that could relate to hazardous or toxic substances (including governmental fines and injuries to persons and property). The Company may incur such liability whether or not it knew of, or was responsible for, the presence of such hazardous or toxic substances. Such liability could be of substantial magnitude and divert management’s attention from other aspects of the Company’s business and, as a result, could have a material adverse effect on the Company’s operating results and financial condition, as well as its ability to make distributions to shareholders.

An Uninsured Loss on the Company’s Properties or a Loss That Exceeds the Limits of the Company’s Insurance Policies Could Subject the Company to Lost Capital or Revenue on Those Properties

Under the terms and conditions of the leases currently in effect on the Company’s properties, tenants generally are required to indemnify and hold the Company harmless from liabilities resulting from injury to persons, air, water, land or property, on or off the premises, due to activities conducted on the properties, except for claims arising from the negligence or intentional misconduct of the Company or its agents. Additionally, tenants are generally required, at the tenant’s expense, to obtain and keep in full force during the term of the lease liability and full replacement value property damage insurance policies. The Company has obtained comprehensive liability, casualty, flood, terrorism and rental loss insurance policies on its properties. All of these policies may involve substantial deductibles and certain exclusions. Furthermore, there is no assurance that the Company or its tenants may be able to renew or secure additional insurance policies on commercially reasonable terms or at all. In addition, tenants could fail to properly maintain their insurance policies or be unable to pay the deductibles. Should a loss occur that is uninsured or is in an amount exceeding the combined aggregate limits for the policies noted above, or in the event of a loss that is subject to a substantial deductible under an insurance policy, the Company could lose all or part of its capital invested in, and anticipated revenue from, one or more of the properties, which could have a material adverse effect on the Company’s operating results and financial condition, as well as its ability to make distributions to shareholders.

The Company’s Properties Could Be Subject to Damage from Weather-Related Factors

The Company’s properties are open-air shopping centers. Extreme weather conditions may impact the profitability of the Company’s tenants by decreasing traffic at or hindering access to the Company’s properties, which may decrease the amount of rent

the Company collects. Furthermore, a number of the Company's properties are located in areas that are subject to natural disasters. Certain of the Company's properties are located in California and in other areas with higher risk of earthquakes. In addition, many of the Company's properties are located in coastal regions, including 12 properties located on the island of Puerto Rico and 61 properties located in Florida as of February 15, 2018, and would, therefore be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors.

The Company's Investments in Real Estate Assets Outside the continental United States May Be Subject to Additional Risks

Investments and operations outside the continental United States generally are subject to various political and other risks that are different from and in addition to risks inherent in the investment in real estate generally discussed in these risk factors and elsewhere in this Annual Report on Form 10-K for the year ended December 31, 2017. The Company currently has investments in consolidated and unconsolidated joint ventures with real estate assets outside the continental United States, including Puerto Rico, and may increase its investment in real estate in jurisdictions outside the continental United States in the future. The Company may not realize the intended benefits of these investments due to the uncertainty of foreign or novel laws and markets including, but not limited to, unexpected changes in the regulatory requirements such as the enactment of laws prohibiting or restricting the Company's ability to own property, political and economic instability in certain geographic locations, labor disruptions, difficulties in managing international operations, potentially adverse tax consequences, including unexpected or unfavorable changes in tax structure, laws restricting the Company's ability to transfer profits between jurisdictions or to repatriate profits to the United States, additional accounting and control expenses and the administrative burden associated with complying with laws from a variety of jurisdictions.

In addition, financing may not be available at acceptable rates outside, and equity requirements may be different from the Company's strategy in, the continental United States. Each of these factors may adversely affect the Company's ability to achieve anticipated return on investment, which could have an adverse effect on its results of operations.

The Company Will Continue to Experience Business Disruptions at Its Properties in Puerto Rico Until It Makes Necessary Repairs and Reopens Such Properties

Recent severe weather conditions, including Hurricane Maria, caused substantial damage to property and infrastructure in Puerto Rico, including many of the Company's shopping centers located there. The Company has made assessments of the scope of damages to its properties, but the costs ultimately associated with such damages may exceed estimates. Furthermore, the Company will continue to experience business disruptions at its properties until it makes necessary repairs and reopens such properties. The timing of such repairs will be highly dependent upon factors beyond the Company's control, such as the availability of building materials or supplies and labor, which were seriously diminished in the wake of Hurricane Maria, or the ability to adequately access utilities. Additionally, any failure of civil authorities to ensure public safety and maintain order may also interfere with the Company's efforts to reopen properties. Such delays could increase the duration of business disruptions, as well as the related costs, beyond the Company's expectations. Any insurance coverage for losses due to damage or business disruption may prove to be inadequate or unavailable.

The Company Could Be Subject to Risks Relating to the Puerto Rican Economy and Government

In recent years, the economy in Puerto Rico has experienced a sustained downturn, and the territorial government of Puerto Rico has operated at substantial spending deficits, which, in both cases, have been further exacerbated by recent destructive weather events. These economic conditions have adversely affected the territorial government's current and expected cash flows and resulted in credit downgrades that triggered acceleration clauses in certain outstanding municipal bonds and other bonds. As a result, the territorial government of Puerto Rico and certain utility companies, both of which are obligors on issued bonds, have defaulted on certain of their outstanding debt obligations and announced that they expect to be unable to meet their existing debt obligations. If the territorial government and certain utilities are not able to restructure their debt obligations or obtain forbearance on debt service payments, they may be unable to provide various services (including utilities) relied upon in the operation of businesses in Puerto Rico. Furthermore, inaccessibility of utilities and other government services or providing those services at a significantly higher cost, along with a continued economic downturn and increases in taxes in Puerto Rico, may result in continued or increased migration of residents of Puerto Rico to mainland United States and elsewhere, which could decrease the territory's tax base, exacerbating the territorial government's cash flow issues, and decrease the number of consumers in Puerto Rico. In turn, consumers who remain in Puerto Rico could have less disposable income, which may result in declining merchant sales and merchant inability to expand or lease new space or pay rent or pay other expenses for new or existing operations, or result in a general decline in prevailing rental rates. As of December 31, 2017, the Company owned 12 assets in Puerto Rico, aggregating 4.4 million square feet of Company-owned GLA. These assets represent 11.5% of the Company's total consolidated revenue and 11.5% of the Company's consolidated property revenue less property expenses (i.e., property net operating income) for the year ended December 31, 2017. Additionally, these assets account for 6.6% of Company-owned GLA, including unconsolidated joint ventures, at December 31, 2017. The persistence or further deterioration of economic conditions in Puerto Rico could have a negative impact on the Company's results of operations, cash flows and financial condition.

Compliance with Certain Laws and Governmental Rules and Regulations May Require the Company to Make Unplanned Expenditures That Adversely Affect the Company's Cash Flows

The Company is required to operate its properties in compliance with certain laws and governmental rules and regulations, including the Americans with Disabilities Act, fire and safety regulations, building codes and other land use regulations, as currently in effect or as they may be enacted or adopted and become applicable to the properties, from time to time. The Company may be required to make substantial capital expenditures to make upgrades at its properties or otherwise comply with those requirements, and these expenditures could have a material adverse effect on its ability to meet its financial obligations and make distributions to shareholders.

The Company May Be Unable to Retain and Attract Key Management Personnel

The Company may be unable to retain and attract talented executives. In the event of the loss of key management personnel to competitors, or upon unexpected death, disability or retirement, the Company may not be able to find replacements with comparable skill, ability and industry expertise. The Company's operating results and financial condition could be materially and adversely affected until suitable replacements are identified and retained, if at all.

The Company's Articles of Incorporation Contain Limitations on Acquisitions and Changes in Control

In order to maintain the Company's status as a REIT, its Articles of Incorporation prohibit any person, except for certain shareholders as set forth in the Company's Articles of Incorporation, from owning more than 5% of the Company's outstanding common shares. This restriction is likely to discourage third parties from acquiring control of the Company without consent of its Board of Directors even if a change in control were in the best interests of shareholders.

The Company Has Significant Shareholders Who May Exert Influence on the Company as a Result of Their Considerable Beneficial Ownership of the Company's Common Shares, and Their Interests May Differ from the Interests of Other Shareholders

The Company has shareholders, including Mr. Alexander Otto, who is a member of the Board of Directors, who, because of their considerable beneficial ownership of the Company's common shares, are in a position to exert significant influence over the Company. These shareholders may exert influence with respect to matters that are brought to a vote of the Company's Board of Directors and/or the holders of the Company's common shares. Among others, these matters include the election of the Company's Board of Directors, corporate finance transactions and joint venture activity, merger, acquisition and disposition activity, and amendments to the Company's Articles of Incorporation and Code of Regulations. In the context of major corporate events, the interests of the Company's significant shareholders may differ from the interests of other shareholders. For example, if a significant shareholder does not support a merger, tender offer, sale of assets or other business combination because the shareholder judges it to be inconsistent with the shareholder's investment strategy, the Company may be unable to enter into or consummate a transaction that would enable other shareholders to realize a premium over the then-prevailing market prices for common shares. Furthermore, if the Company's significant shareholders sell substantial amounts of the Company's common shares in the public market to enhance the shareholders' liquidity positions, fund alternative investments or for other reasons, the trading price of the Company's common shares could decline significantly and other shareholders may be unable to sell their common shares at favorable prices. The Company cannot predict or control how the Company's significant shareholders may use the influence they have as a result of their common share holdings.

Changes in Market Conditions Could Adversely Affect the Market Price of the Company's Publicly Traded Securities

As with other publicly traded securities, the market price of the Company's publicly traded securities depends on various market conditions, which may change from time to time. Among the market conditions that may affect the market price of the Company's publicly traded securities are the following:

- The extent of institutional investor interest in the Company;
- The reputation of REITs generally and the reputation of REITs with similar portfolios;
- The attractiveness of the securities of REITs in comparison to securities issued by other entities (including securities issued by other real estate companies or sovereign governments), bank deposits or other investments;
- The Company's financial condition and performance;
- The market's perception of the Company's growth potential and future cash dividends;
- An increase in market interest rates, which may lead prospective investors to demand a higher distribution rate in relation to the price paid for the Company's shares and

- General economic and financial market conditions.

The Company May Issue Additional Securities Without Shareholder Approval

The Company can issue preferred shares and common shares without shareholder approval subject to certain limitations in the Company's Articles of Incorporation. Holders of preferred shares have priority over holders of common shares, and the issuance of additional shares reduces the interest of existing holders in the Company.

The Company Faces Risks Relating to Cybersecurity Attacks and Other Data Breaches

The Company's business is at risk from and may be impacted by cybersecurity intrusions and other data security breaches. Such attacks could range from individual attempts to gain unauthorized access to information technology systems to more sophisticated and coordinated security threats such as social engineering. While the Company maintains some of its own critical information technology systems, it also depends on third parties to provide important information technology services relating to several key business functions, such as payroll, human resources, electronic communications and certain finance functions. Although the Company and such third parties employ a number of measures to prevent, detect and mitigate these threats, including password protection, firewalls, backup servers, threat monitoring and periodic penetration testing, there is no guarantee such efforts will be successful in preventing a data breach. Furthermore, the security measures employed by third-party service providers may prove to be ineffective at preventing breaches of their systems. Data breach incidents could compromise the confidential information of the Company's tenants, employees and third-party vendors and disrupt the Company's business operations.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

At December 31, 2017, the Portfolio Properties included 273 shopping centers (including 137 centers owned through joint ventures). At December 31, 2017, the Portfolio Properties also included more than 250 acres of undeveloped land including parcels located adjacent to certain of the shopping centers. At December 31, 2017, the Portfolio Properties aggregated 67.4 million square feet of Company-owned GLA (92.2 million square feet of total GLA) located in 33 states, plus Puerto Rico. These centers are principally in the Southeast and Midwest, with significant concentrations in Florida, Georgia, Ohio and North Carolina, as well as Puerto Rico. The 12 assets owned in Puerto Rico aggregate 4.4 million square feet of Company-owned GLA (4.7 million square feet of total GLA). At December 31, 2017, the Company also owned an interest in two land parcels in Canada.

At December 31, 2017, the average annualized base rent per square foot of Company-owned GLA of the Company's 136 wholly-owned shopping centers was \$16.62. For the 137 shopping centers owned through joint ventures, average annualized base rent per square foot was \$14.50 at December 31, 2017. The Company's average annualized base rent per square foot does not consider tenant expense reimbursements. The Company generally does not enter into significant tenant concessions on a lease-by-lease basis.

The Company's shopping centers are typically anchored by two or more national tenant anchors and are designed to provide a highly compelling shopping experience and merchandise mix for retail partners and consumers. The tenants of the shopping centers typically cater to the consumer's desire for value and convenience and offer day-to-day necessities rather than high-priced luxury items. The properties often include discounters, warehouse clubs, specialty grocers, pet supply stores, beauty supply retailers and dollar stores as additional anchors or tenants. As one of the nation's largest owners and operators of open-air shopping centers (measured by total GLA), the Company has established close relationships with a large number of major national and regional retailers, many of which occupy space in its shopping centers.

Information as to the Company's 10 largest tenants based on total annualized rental revenues and Company-owned GLA at December 31, 2017, is set forth in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the caption "Company Fundamentals" of this Annual Report on Form 10-K. For additional details related to property encumbrances for the Company's wholly-owned assets, see "Real Estate and Accumulated Depreciation" (Schedule III) herein. At December 31, 2017, the Company owned an investment in 136 properties owned through unconsolidated joint ventures, which served as collateral for joint venture mortgage debt aggregating approximately \$2.5 billion (of which the Company's proportionate share is \$0.4 million) and which is not reflected in the consolidated indebtedness. The Company's properties range in size from approximately 10,000 square feet to approximately 1,500,000 square feet of total GLA (with 123 properties exceeding 300,000 square feet of total GLA). The Company's properties were 91.1% occupied as of December 31, 2017, and occupancy was between 91.1% and 93.5% over the five-year period ended December 31, 2017.

Tenant Lease Expirations and Renewals

The following table shows the impact of tenant lease expirations through 2027 at the Company's 136 wholly-owned shopping centers, assuming that none of the tenants exercise any of their renewal options:

Expiration Year	No. of Leases Expiring	Approximate GLA in Square Feet (Thousands)	Annualized Base Rent Under Expiring Leases (Thousands)	Average Base Rent per Square Foot Under Expiring Leases	Percentage of Total GLA Represented by Expiring Leases	Percentage of Total Base Rental Revenues Represented by Expiring Leases
2018	410	2,562	\$ 47,851	\$ 18.68	6.3%	8.1%
2019	476	4,455	69,440	15.59	10.9%	11.7%
2020	463	3,906	66,132	16.93	9.5%	11.2%
2021	446	4,401	71,393	16.22	10.7%	12.1%
2022	470	5,643	86,018	15.24	13.8%	14.6%
2023	306	4,373	64,888	14.84	10.7%	11.0%
2024	191	2,353	37,365	15.88	5.7%	6.3%
2025	136	1,386	25,667	18.52	3.4%	4.3%
2026	139	1,192	23,623	19.82	2.9%	4.0%
2027	98	1,108	20,372	18.39	2.7%	3.4%
Total	3,135	31,379	\$ 512,749	\$ 16.34	76.6%	86.7%

The following table shows the impact of tenant lease expirations at the joint venture level through 2027 at the Company's 137 shopping centers owned through joint ventures, assuming that none of the tenants exercise any of their renewal options:

Expiration Year	No. of Leases Expiring	Approximate GLA in Square Feet (Thousands)	Annualized Base Rent Under Expiring Leases (Thousands)	Average Base Rent per Square Foot Under Expiring Leases	Percentage of Total GLA Represented by Expiring Leases	Percentage of Total Base Rental Revenues Represented by Expiring Leases
2018	325	1,624	\$ 28,337	\$ 17.45	6.1%	8.3%
2019	407	3,146	47,294	15.03	11.9%	13.8%
2020	389	3,042	42,196	13.87	11.5%	12.4%
2021	426	4,086	57,764	14.14	15.4%	16.9%
2022	378	3,580	48,856	13.65	13.5%	14.3%
2023	184	2,602	33,988	13.06	9.8%	9.9%
2024	101	1,216	15,547	12.79	4.6%	4.6%
2025	74	726	11,501	15.83	2.7%	3.4%
2026	58	555	8,321	14.99	2.1%	2.4%
2027	73	711	11,862	16.67	2.7%	3.5%
Total	2,415	21,288	\$ 305,666	\$ 14.36	80.3%	89.5%

The rental payments under certain of these leases will remain constant until the expiration of their base terms, regardless of inflationary increases. There can be no assurance that any of these leases will be renewed or that any replacement tenants will be obtained if not renewed.

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Location	Center	Year Developed/ Redeveloped	Year Acquired	DDR Ownership Interest	Owned GLA (000's)	Total Annualized Base Rent (000's)	Average Base Rent (Per SF)(1)	Key Tenants	
Alabama									
1	Birmingham, AL	River Ridge	2001	2007	15%	172	\$ 2,802	\$ 16.39	Best Buy, Nordstrom Rack, Staples, Target (Not Owned)
2	Huntsville, AL	Valley Bend	2002	2014	5%	425	\$ 5,858	\$ 14.98	Barnes & Noble, Bed Bath & Beyond, Carmike Cinemas (Not Owned), Dick's Sporting Goods, Hobby Lobby, Kohl's (Not Owned), Marshalls, Target (Not Owned)
3	Huntsville, AL	Westside Centre	2002	2007	15%	477	\$ 3,911	\$ 11.82	Altitude Trampoline Park, Big Lots, Michaels, PetSmart, Ross Dress for Less, Stein Mart, Target (Not Owned)
Alaska									
4	Anchorage, AK	Dimond Crossing	1981	2014	5%	85	\$ 1,292	\$ 15.70	Bed Bath & Beyond, PetSmart
Arizona									
5	Gilbert, AZ	SanTan Village Marketplace	2005	2014	5%	286	\$ 4,618	\$ 16.32	Bed Bath & Beyond, Big Lots, DSW, Jo-Ann, Marshalls, Sam's Club (Not Owned), Walmart (Not Owned)
6	Goodyear, AZ	Palm Valley Pavilions West	2002	2016	100%	233	\$ 4,129	\$ 18.06	Barnes & Noble, Best Buy, Ross Dress for Less, Total Wine & More
7	Phoenix, AZ	Ahwatukee Foothills Towne Center	2013	1998	100%	688	\$ 11,176	\$ 17.71	AMC Theatres, Babies "R" Us, Best Buy, Burlington, HomeGoods, Jo-Ann, Marshalls, Michaels, OfficeMax, Ross Dress for Less, Sprouts Farmers Market
8	Phoenix, AZ	Arrowhead Crossing	1995	1996	100%	345	\$ 5,526	\$ 16.24	Barnes & Noble, DSW, Golf Galaxy, Hobby Lobby, HomeGoods, Nordstrom Rack, Old Navy, Savers (Not Owned), Staples, T.J. Maxx
9	Phoenix, AZ	Deer Valley Towne Center	1996	1999	100%	197	\$ 3,416	\$ 19.67	AMC Theatres (Not Owned), Michaels, PetSmart, Ross Dress for Less, Target (Not Owned)
10	Phoenix, AZ	Paradise Village Gateway	2004	2003	67%	295	\$ 4,778	\$ 17.51	Albertsons, Bed Bath & Beyond, PetSmart, Ross Dress for Less, Staples
11	Prescott, AZ	Shops at Prescott Gateway	2012	2014	5%	35	\$ 896	\$ 29.70	Trader Joe's
12	Queen Creek, AZ	Plaza at Power Marketplace	2007	2014	5%	71	\$ 1,378	\$ 20.81	LA Fitness
13	Tucson, AZ	Silverado Plaza	1999	2014	5%	78	\$ 684	\$ 9.33	Safeway
14	Tucson, AZ	Tucson Spectrum	2008	2012	100%	717	\$ 9,148	\$ 14.55	Bed Bath & Beyond, Best Buy, Food City, Harkins Theatres, Home Depot (Not Owned), JCPenney, LA Fitness, Marshalls, Michaels, OfficeMax, Old Navy, Party City, PetSmart, Ross Dress for Less, Target (Not Owned)
Arkansas									
15	Sherwood, AR	Sherwood Retail Center	1986	2014	5%	123	\$ 234	\$ 4.22	Mardel, Tractor Supply Company
16	Springdale, AR	Walgreens	2009	2014	5%	15	\$ 390	\$ 26.80	—
California									
17	Buena Park, CA	Buena Park Place	2009	2004	100%	215	\$ 3,196	\$ 15.16	Aldi, Kohl's, Michaels
18	Fontana, CA	Falcon Ridge Town Center	2005	2013	100%	291	\$ 6,511	\$ 22.63	24 Hour Fitness, Aki-Home, Michaels, Ross Dress for Less, Stater Bros Markets, Target (Not Owned)
19	Long Beach, CA	The Pike Outlets (2)	2015	DEV	100%	392	\$ 5,241	\$ 21.57	Cinemark, H & M, Nike, Restoration Hardware
20	Oakland, CA	Whole Foods at Bay Place	2006	2013	100%	57	\$ 2,654	\$ 46.39	Whole Foods

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21	Richmond, CA	Hilltop Plaza	2000	2002	20%	251	\$ 2,591	\$ 17.44	99 Cents Only, Century Theatre, dd's Discounts, Ross Dress for Less
22	Roseville, CA	Ridge at Creekside	2007	2014	100%	275	\$ 6,041	\$ 22.12	Bed Bath & Beyond, buybuy BABY, Cost Plus World Market, Macy's Furniture Gallery, REI
23	San Francisco, CA	1000 Van Ness	1998	2002	100%	122	\$ 4,156	\$ 35.87	AMC Theatres, The Studio Mix
24	Vista, CA	Vista Village	2007	2013	100%	194	\$ 4,530	\$ 24.33	Cinepolis, Frazier Farms, Lowe's (Not Owned), Staples (Not Owned)
25	West Covina, CA	Eastland Center	1957	2014	5%	811	\$ 11,544	\$ 14.41	Albertsons, Ashley Furniture HomeStore, Burlington, Dick's Sporting Goods, Hobby Lobby, Marshalls, Pottery Barn Outlet, Ross Dress for Less, Target, Walmart
Colorado									
26	Aurora, CO	Cornerstar	2008	2014	5%	430	\$ 7,908	\$ 19.13	24 Hour Fitness, Cornerstar Wine & Liquor, Dick's Sporting Goods, HomeGoods, Marshalls, Office Depot, Ross Dress for Less, Sprouts Farmers Market, Target (Not Owned), Ulta Beauty
27	Aurora, CO	Pioneer Hills	2003	2003	100%	138	\$ 1,930	\$ 16.01	Bed Bath & Beyond, Home Depot (Not Owned), Inspire Fitness, Walmart (Not Owned)
28	Centennial, CO	Centennial Promenade	2002	1997	100%	418	\$ 7,713	\$ 18.87	Cavender's, Conn's, Golf Galaxy, HomeGoods, IKEA (Not Owned), Michaels, Ross Dress for Less, Stickley Furniture, Toys "R" Us
29	Colorado Springs, CO	Chapel Hills	2000	2011	100%	446	\$ 4,409	\$ 12.67	24 Hour Fitness, Barnes & Noble, Best Buy, DSW, Michaels (Not Owned), Nordstrom Rack, Old Navy, Pep Boys, PetSmart, Ross Dress for Less, Whole Foods
30	Denver, CO	University Hills	1997	2003	100%	244	\$ 4,452	\$ 19.02	24 Hour Fitness, King Soopers, Marshalls, Michaels, Pier 1 Imports
31	Lakewood, CO	Denver West Plaza	2002	2014	5%	71	\$ 983	\$ 18.84	Best Buy
32	Parker, CO	Flatacres Marketcenter/ Parker Pavilions(2)	2003	2003	100%	232	\$ 3,556	\$ 19.39	Bed Bath & Beyond, Home Depot (Not Owned), Kohl's (Not Owned), Michaels, Office Depot, Walmart (Not Owned)
Connecticut									
33	Guilford, CT	Guilford Commons	2015	DEV	100%	123	\$ 1,724	\$ 16.51	Bed Bath & Beyond, The Fresh Market
34	Plainville, CT	Connecticut Commons	2013	DEV	100%	562	\$ 7,290	\$ 13.28	A.C. Moore, AMC Theatres, Dick's Sporting Goods, DSW, Kohl's, Lowe's, Marshalls, Old Navy, PetSmart
35	Waterbury, CT	Naugatuck Valley Shopping Center	2003	2014	5%	383	\$ 3,730	\$ 11.82	Bob's Stores, Staples, Stop & Shop, Walmart
36	Windsor, CT	Windsor Court	1993	2007	100%	79	\$ 1,473	\$ 18.76	Stop & Shop, Target (Not Owned)
Florida									
37	Boynton Beach, FL	Aberdeen Square	1990	2007	20%	71	\$ 655	\$ 10.44	Publix
38	Boynton Beach, FL	Village Square at Golf	2002	2007	20%	135	\$ 1,781	\$ 14.76	Publix
39	Bradenton, FL	Cortez Plaza	2015	2007	100%	274	\$ 2,762	\$ 12.49	Burlington, LA Fitness, PetSmart
40	Bradenton, FL	Creekwood Crossing	2001	2007	20%	235	\$ 2,549	\$ 11.08	Bealls, Bealls Outlet, Big Lots, LA Fitness, Lowe's (Not Owned)

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	<u>Location</u>	<u>Center</u>	<u>Year Developed/ Redeveloped</u>	<u>Year Acquired</u>	<u>DDR Ownership Interest</u>	<u>Owned GLA (000's)</u>	<u>Total Annualized Base Rent (000's)</u>	<u>Average Base Rent (Per SF)(1)</u>	<u>Key Tenants</u>
41	Bradenton, FL	Lakewood Ranch Plaza	2001	2007	20%	85	\$ 1,161	\$ 13.63	Publix
42	Brandon, FL	Kmart Shopping Center(2)	2003	IPO	100%	232	\$ 790	\$ 3.69	Kane Furniture, Kmart
43	Brandon, FL	Lake Brandon Plaza	2014	2009	100%	178	\$ 2,459	\$ 13.84	Jo-Ann, Nordstrom Rack, Publix, Total Wine & More
44	Brandon, FL	Lake Brandon Village	2004	2003	100%	114	\$ 1,022	\$ 14.40	buybuy BABY, Lowe's (Not Owned), PetSmart
45	Cape Coral, FL	Northpoint Shopping Center	2008	2014	5%	112	\$ 1,262	\$ 12.68	Bed Bath & Beyond, Michaels, PetSmart
46	Casselberry, FL	Casselberry Commons	2010	2007	20%	245	\$ 2,647	\$ 12.30	Publix, Ross Dress for Less, Stein Mart, T.J. Maxx
47	Crystal River, FL	Crystal Springs	2001	2007	20%	67	\$ 797	\$ 11.89	Publix
48	Dania, FL	Sheridan Square	1991	2007	20%	67	\$ 688	\$ 11.06	Walmart Neighborhood Market
49	Fort Myers, FL	Cypress Trace	2004	2007	15%	276	\$ 2,723	\$ 10.36	Bealls, Bealls Outlet, Ross Dress for Less, Stein Mart
50	Fort Myers, FL	Market Square	2004	2007	15%	119	\$ 1,888	\$ 15.87	American Signature Furniture, Barnes & Noble (Not Owned), Cost Plus World Market (Not Owned), DSW, Michaels (Not Owned), Target (Not Owned), Total Wine & More
51	Fort Myers, FL	The Forum	2008	2014	5%	190	\$ 2,716	\$ 16.64	Bed Bath & Beyond, Home Depot (Not Owned), Ross Dress for Less, Staples, Target (Not Owned)
52	Fort Walton Beach, FL	Shoppes at Paradise Pointe	2000	2007	20%	84	\$ 815	\$ 11.88	Publix
53	Hernando, FL	Shoppes of Citrus Hills	2003	2007	20%	69	\$ 776	\$ 11.26	Publix
54	Hialeah, FL	Paraiso Plaza	1997	2007	20%	61	\$ 1,003	\$ 16.85	Publix
55	Homestead, FL	Homestead Pavilion	2008	2008	100%	300	\$ 3,838	\$ 18.38	Bed Bath & Beyond, Kohl's (Not Owned), Michaels, Ross Dress for Less
56	Jupiter, FL	Concourse Village	2004	2015	5%	134	\$ 2,157	\$ 16.39	Ross Dress for Less, T.J. Maxx
57	Lake Mary, FL	Shoppes of Lake Mary	2001	2007	15%	74	\$ 1,708	\$ 23.39	Publix (Not Owned), Staples, Target (Not Owned)
58	Largo, FL	Bardmoor Promenade	1991	2007	20%	158	\$ 2,124	\$ 14.09	Publix
59	Melbourne, FL	Melbourne Shopping Center	1999	2007	20%	229	\$ 1,101	\$ 6.46	Big Lots, Publix
60	Miami, FL	Plaza del Paraiso	2003	2007	20%	85	\$ 1,357	\$ 15.95	Publix
61	Miami, FL	The Shops at Midtown Miami	2006	DEV	100%	467	\$ 9,349	\$ 20.95	Dick's Sporting Goods, HomeGoods, Marshalls, Nordstrom Rack, Ross Dress for Less, Target, west elm
62	Miramar, FL	Fountains of Miramar	2005	2015	5%	139	\$ 1,941	\$ 22.84	Home Depot (Not Owned), Marshalls, Ross Dress for Less
63	Miramar, FL	River Run	1989	2007	20%	94	\$ 1,217	\$ 13.57	Publix
64	Naples, FL	Carillon Place	1994	1995	100%	268	\$ 3,439	\$ 15.13	Bealls Outlet, OfficeMax, Ross Dress for Less, T.J. Maxx, Walmart Neighborhood Market
65	Naples, FL	Countryside Shoppes	1997	2007	20%	74	\$ 232	\$ 17.82	—
66	New Port Richey, FL	Shoppes at Golden Acres	2002	2007	20%	131	\$ 1,142	\$ 11.28	Publix
67	Ocala, FL	Heather Island	2005	2007	20%	71	\$ 689	\$ 11.25	Publix
68	Ocoee, FL	West Oaks Town Center	2000	2007	20%	67	\$ 936	\$ 15.90	Best Buy (Not Owned), Michaels
69	Orlando, FL	Chickasaw Trail Shopping Center	1994	2007	20%	75	\$ 856	\$ 11.98	Publix
70	Orlando, FL	Conway Plaza	1999	2007	20%	118	\$ 1,165	\$ 10.41	Publix
71	Orlando, FL	International Drive Value Center	1995	2015	100%	186	\$ 1,739	\$ 10.36	Bed Bath & Beyond, dd's Discounts, Ross Dress for Less, T.J. Maxx
72	Orlando, FL	Lee Vista Promenade	2016	DEV	100%	309	\$ 4,067	\$ 16.59	Academy Sports, Epic Theatres, HomeGoods, Michaels, Ross Dress for Less
73	Orlando, FL	Millenia Crossing	2009	2015	5%	100	\$ 2,754	\$ 28.34	Nordstrom Rack

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74	Orlando, FL	Millenia Plaza	2001	2015	100%	412	\$ 4,330	\$ 10.84	BJ's Wholesale Club, Dick's Sporting Goods, Home Depot, Ross Dress for Less, Total Wine & More, Toys "R" Us/Babies "R" Us
75	Orlando, FL	Skyview Plaza	1998	2007	20%	263	\$ 2,391	\$ 10.67	dd's Discounts, Fallas Paredes, Goodwill, Publix, Ross Dress for Less
76	Oviedo, FL	Oviedo Park Crossing	1999	DEV	20%	186	\$ 2,065	\$ 11.09	Bed Bath & Beyond, Lowe's (Not Owned), Michaels, OfficeMax, Ross Dress for Less, T.J. Maxx
77	Palm Beach Gardens, FL	Northlake Commons	2003	2007	20%	124	\$ 1,542	\$ 13.98	Home Depot (Not Owned), Jo-Ann, Ross Dress for Less
78	Palm Harbor, FL	The Shoppes of Boot Ranch	1990	1995	100%	52	\$ 1,269	\$ 24.25	Publix (Not Owned), Target (Not Owned)
79	Pembroke Pines, FL	Flamingo Falls	2001	2007	20%	109	\$ 1,990	\$ 22.09	LA Fitness (Not Owned), The Fresh Market
80	Pensacola, FL	Tradewinds Shopping Center	1985	2014	5%	179	\$ 1,641	\$ 10.33	Jo-Ann, T.J. Maxx/HomeGoods
81	Plant City, FL	Lake Walden Square	2013	2007	100%	245	\$ 2,637	\$ 11.72	Marshalls, Premiere Cinemas, Ross Dress for Less, Winn Dixie
82	Plantation, FL	The Fountains	2010	2007	100%	431	\$ 6,109	\$ 16.27	Dick's Sporting Goods, Jo-Ann, Kohl's, Marshalls/HomeGoods, Total Wine & More
83	Spring Hill, FL	Mariner Square	1997	IPO	100%	194	\$ 1,582	\$ 9.57	Bealls, Ross Dress for Less, Sam's Club (Not Owned), Walmart (Not Owned)
84	Spring Hill, FL	Nature Coast Commons	2009	2014	5%	226	\$ 2,442	\$ 16.17	Best Buy, JCPenney (Not Owned), PetSmart, Ross Dress for Less, Walmart (Not Owned)
85	Tallahassee, FL	Capital West	2004	2003	100%	88	\$ 791	\$ 9.01	Bealls Outlet, Ross Dress for Less, Walmart (Not Owned)
86	Tallahassee, FL	Killearn Shopping Center	1980	2007	20%	95	\$ 1,333	\$ 14.00	Hobby Lobby
87	Tallahassee, FL	Southwood Village	2003	2007	20%	66	\$ 755	\$ 12.82	Publix
88	Tamarac, FL	Midway Plaza	1985	2007	20%	228	\$ 2,603	\$ 12.86	Publix, Ross Dress for Less
89	Tampa, FL	North Pointe Plaza	1990	IPO	20%	108	\$ 1,412	\$ 13.85	Publix, Walmart (Not Owned)
90	Tampa, FL	The Walk at Highwoods Preserve	2001	2007	100%	138	\$ 2,238	\$ 16.25	Best Buy, HomeGoods, Michaels, Muvico (Not Owned)
91	Tarpon Springs, FL	Tarpon Square	1998	IPO	100%	115	\$ 1,406	\$ 12.91	Bealls Outlet, Big Lots, Staples, Walmart (Not Owned)
92	Tequesta, FL	Tequesta Shoppes	2014	2007	100%	110	\$ 1,226	\$ 11.55	Marshalls
93	Valrico, FL	Brandon Boulevard Shoppes	2012	2007	100%	86	\$ 1,311	\$ 15.50	LA Fitness
94	Valrico, FL	Shoppes at Lithia	2003	2007	20%	71	\$ 1,147	\$ 16.06	Publix
95	Vero Beach, FL	Century Town Center	2008	2014	5%	107	\$ 1,339	\$ 14.13	Marshalls/HomeGoods
96	Wesley Chapel, FL	The Shoppes at New Tampa	2002	2007	20%	159	\$ 2,195	\$ 13.84	Bealls, Office Depot (Not Owned), Publix
97	Winter Garden, FL	Winter Garden Village	2007	2013	100%	758	\$ 13,731	\$ 19.30	Bealls, Bed Bath & Beyond, Best Buy, Forever 21, Havertys, Jo-Ann, LA Fitness, Lowe's (Not Owned), Marshalls, PetSmart, Ross Dress for Less, Staples, Target (Not Owned)
Georgia									
98	Atlanta, GA	Brookhaven Plaza	1993	2007	20%	70	\$ 1,360	\$ 19.84	Stein Mart
99	Atlanta, GA	Cascade Corners	1993	2007	20%	67	\$ 439	\$ 7.02	Kroger
100	Atlanta, GA	Cascade Crossing	1994	2007	20%	63	\$ 647	\$ 10.21	Publix
101	Atlanta, GA	Perimeter Pointe	2002	1995	100%	353	\$ 5,690	\$ 17.61	Babies "R" Us, Dick's Sporting Goods, HomeGoods, LA Fitness, Regal Cinemas, Stein Mart

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102	Brunswick, GA	Glynn Isles	2007	2014	5%	193	\$ 2,960	\$ 15.90	Ashley Furniture HomeStore (Not Owned), Dick's Sporting Goods, Lowe's (Not Owned), Michaels, Office Depot, PetSmart, Ross Dress for Less, Target (Not Owned)
103	Buford, GA	Marketplace at Millcreek	2003	2007	15%	402	\$ 5,172	\$ 12.87	2nd & Charles, Bed Bath & Beyond, Burlington, Costco (Not Owned), DSW, Marshalls, Michaels, PetSmart, REI, Ross Dress for Less, Stein Mart
104	Canton, GA	Hickory Flat Village	2000	2007	20%	74	\$ 931	\$ 13.07	Publix
105	Canton, GA	Riverstone Plaza	1998	2007	20%	308	\$ 3,203	\$ 12.00	Bealls Outlet, Belk, Michaels, Publix, Ross Dress for Less
106	Cumming, GA	Cumming Marketplace	1999	2003	100%	311	\$ 3,893	\$ 12.53	ApplianceSmart, Home Depot (Not Owned), Lowe's, Michaels, OfficeMax, Walmart (Not Owned)
107	Cumming, GA	Cumming Town Center	2007	2013	100%	311	\$ 4,875	\$ 15.65	Ashley Furniture HomeStore, Best Buy, Dick's Sporting Goods, Staples, T.J. Maxx/HomeGoods
108	Cumming, GA	Sharon Greens	2001	2007	20%	98	\$ 1,058	\$ 11.75	Kroger
109	Decatur, GA	Flat Shoals Crossing	1994	2007	20%	70	\$ 721	\$ 10.34	Publix
110	Decatur, GA	Hairston Crossing	2002	2007	20%	58	\$ 621	\$ 11.50	Publix
111	Douglasville, GA	Douglasville Pavilion	1998	2007	100%	266	\$ 3,109	\$ 12.08	Big Lots, Marshalls, Michaels, OfficeMax, PetSmart, Ross Dress for Less, Target (Not Owned)
112	Douglasville, GA	Market Square	1990	2007	20%	125	\$ 1,130	\$ 10.37	Bargain Hunt
113	East Point, GA	Camp Creek Marketplace	2003	2014	5%	424	\$ 6,634	\$ 15.98	Beauty Master, BJ's Wholesale Club, Lowe's (Not Owned), Marshalls, Ross Dress for Less, Staples, T.J. Maxx, Target (Not Owned)
114	Ellenwood, GA	Paradise Shoppes of Ellenwood	2003	2007	20%	68	\$ 662	\$ 11.09	—
115	Fayetteville, GA	Fayette Pavilion	2002	2007	15%	1,242	\$ 10,119	\$ 9.35	Bealls Outlet, Bed Bath & Beyond, Belk, Big Lots, Cinemark, Dick's Sporting Goods, Forever 21, Hobby Lobby, Home Depot (Not Owned), Jo-Ann, Kohl's, Marshalls, PetSmart, Publix, Ross Dress for Less, Target (Not Owned), Toys "R" Us/Babies "R" Us, Walmart
116	Flowery Branch, GA	Clearwater Crossing	2003	2007	20%	91	\$ 1,047	\$ 12.27	Kroger
117	Flowery Branch, GA	Stonebridge Village	2008	2014	5%	157	\$ 2,475	\$ 16.77	Home Depot (Not Owned), Kohl's (Not Owned), PetSmart, Ross Dress for Less, T.J. Maxx, Target (Not Owned)
118	Kennesaw, GA	Barrett Pavilion	1998	2007	15%	459	\$ 6,636	\$ 16.02	AMC Theatres, buybuy BABY, Jo-Ann, Old Navy, Ozone Billiards, REI, Target (Not Owned), Total Wine & More
119	Macon, GA	Eisenhower Crossing	2002	2007	15%	420	\$ 3,692	\$ 10.80	Ashley Furniture HomeStore, Bed Bath & Beyond, Best Buy (Not Owned), Home Depot (Not Owned), Kroger, Marshalls, Michaels, Old Navy, Ross Dress for Less, Staples, Target (Not Owned)
120	Marietta, GA	Towne Center Prado	2002	1995	100%	287	\$ 3,614	\$ 13.13	Publix, Ross Dress for Less, Stein Mart
121	McDonough, GA	Shoppes at Lake Dow	2002	2007	20%	73	\$ 959	\$ 13.18	Publix
122	Newnan, GA	Newnan Crossing	1995	2003	100%	223	\$ 1,883	\$ 8.54	Hobby Lobby, Lowe's, Walmart (Not Owned)

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123	Newnan, GA	Newnan Pavilion	2013	2007	15%	468	\$ 3,778	\$ 8.11	Academy Sports, Aldi, Home Depot, Kohl's, PetSmart, Ross Dress for Less, Sky Zone Trampoline Park
124	Roswell, GA	Sandy Plains Village	2013	2007	100%	174	\$ 1,425	\$ 14.80	Movie Tavern
125	Smyrna, GA	Heritage Pavilion	1995	2007	15%	256	\$ 3,543	\$ 13.84	American Signature Furniture, Marshalls, PetSmart, Ross Dress for Less, T.J. Maxx
126	Snellville, GA	Presidential Commons	2000	2007	100%	376	\$ 4,313	\$ 11.63	buybuy BABY, Home Depot, Jo-Ann, Kroger, Stein Mart
127	Stone Mountain, GA	Deshon Plaza	1994	2007	20%	64	\$ 726	\$ 11.34	Publix
128	Suwanee, GA	Johns Creek Town Center	2004	2003	100%	293	\$ 4,116	\$ 14.18	Kohl's, Michaels, PetSmart, Sprouts Farmers Market, Staples, Stein Mart
129	Tucker, GA	Cofer Crossing	2003	2003	20%	136	\$ 1,053	\$ 8.21	HomeGoods, Kroger, Walmart (Not Owned)
130	Woodstock, GA	Woodstock Square	2001	2007	15%	219	\$ 3,085	\$ 14.58	Kohl's, OfficeMax, Old Navy, Target (Not Owned)
Idaho									
131	Meridian, ID	Meridian Crossroads	2004	DEV	100%	527	\$ 5,178	\$ 15.57	Ashley Furniture HomeStore, Bed Bath & Beyond, Craft Warehouse, Office Depot, Old Navy, Ross Dress for Less, Sportsman's Warehouse, Walmart (Not Owned)
Illinois									
132	Chicago, IL	3030 North Broadway	2016	2017	100%	132	\$ 4,439	\$ 34.35	Mariano's, XSport Fitness
133	Chicago, IL	The Maxwell	2014	2014	100%	240	\$ 5,702	\$ 26.54	Burlington, Dick's Sporting Goods, Nordstrom Rack, T.J. Maxx
134	Deer Park, IL	Deer Park Town Center	2004	DEV	50%	356	\$ 9,763	\$ 31.19	Barnes & Noble (Not Owned), Century Theatre, Crate & Barrel, Gap
135	Hillside, IL	Hillside Town Center	2009	2014	5%	165	\$ 2,482	\$ 16.36	HomeGoods, Michaels, Ross Dress for Less, Target (Not Owned)
136	McHenry, IL	The Shops at Fox River	2006	DEV	100%	341	\$ 4,245	\$ 13.53	Bed Bath & Beyond, Dick's Sporting Goods, JCPenney (Not Owned), PetSmart, Ross Dress for Less, T.J. Maxx
137	Oswego, IL	Prairie Market	2007	2014	5%	113	\$ 2,493	\$ 22.45	Aldi, Best Buy (Not Owned), Dick's Sporting Goods (Not Owned), Hobby Lobby (Not Owned), Kohl's (Not Owned), PetSmart, Walmart (Not Owned)
138	Schaumburg, IL	Woodfield Village Green	2015	1995	100%	526	\$ 8,425	\$ 20.17	At Home, Bloomingdale's the Outlet Store, Container Store, Costco (Not Owned), HomeGoods, Marshalls, Michaels, Nordstrom Rack, PetSmart, Trader Joe's
139	Skokie, IL	Village Crossing	1989	2007	15%	722	\$ 12,283	\$ 18.32	AMC Theatres, Barnes & Noble, Bed Bath & Beyond, Best Buy, Dick's Sporting Goods, Jewel-Osco, Michaels, OfficeMax, PetSmart, Tuesday Morning
140	Tinley Park, IL	Brookside Marketplace	2013	2012	100%	317	\$ 4,456	\$ 15.25	Best Buy, Dick's Sporting Goods, HomeGoods, Kohl's (Not Owned), Michaels, PetSmart, Ross Dress for Less, T.J. Maxx, Target (Not Owned)
Indiana									
141	Evansville, IN	East Lloyd Commons	2005	2007	100%	160	\$ 1,560	\$ 16.03	Best Buy, Michaels
142	Highland, IN	Highland Grove Shopping Center	2001	2007	20%	312	\$ 4,224	\$ 14.67	Best Buy (Not Owned), Dick's Sporting Goods (Not Owned), Kohl's, Marshalls, Michaels, Target (Not Owned)

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Kansas									
143	Merriam, KS	Merriam Village	2005	2004	100%	418	\$ 5,546	\$ 13.51	Cinemark, Dick's Sporting Goods, Hen House Market, Hobby Lobby, Home Depot (Not Owned), IKEA (Not Owned), Marshalls, OfficeMax, PetSmart
Maryland									
144	Bowie, MD	Duvall Village	1998	2007	100%	88	\$ 528	\$ 20.50	—
145	Glen Burnie, MD	Harundale Plaza	1999	2007	20%	218	\$ 1,963	\$ 9.73	Burlington, HomeGoods, Regency Furniture
146	Salisbury, MD	The Commons	1999	DEV	100%	130	\$ 1,728	\$ 14.23	Best Buy, Home Depot (Not Owned), Michaels, Target (Not Owned)
147	Upper Marlboro, MD	Largo Town Center	1991	2007	20%	277	\$ 4,090	\$ 15.70	Marshalls, Regency Furniture, Shoppers Food Warehouse
Massachusetts									
148	Everett, MA	Gateway Center	2001	DEV	100%	354	\$ 5,681	\$ 16.30	Babies "R" Us, Costco (Not Owned), Home Depot, Michaels, Old Navy, Target (Not Owned), Total Wine & More
149	Framingham, MA	Shoppers World	1994	1995	100%	783	\$ 17,086	\$ 24.65	A.C. Moore, AMC Theatres, Babies "R" Us, Barnes & Noble, Best Buy, DSW, HomeSense, Kohl's, Macy's Furniture Gallery, Marshalls, Nordstrom Rack, PetSmart, Sierra Trading Post, T.J. Maxx, Toys "R" Us
150	West Springfield, MA	Riverdale Shops	2003	2007	20%	274	\$ 4,060	\$ 14.84	Kohl's, Stop & Shop
Michigan									
151	Chesterfield, MI	Waterside Marketplace	2007	2014	5%	291	\$ 3,631	\$ 13.25	Bed Bath & Beyond, Best Buy, Dick's Sporting Goods, JCPenney (Not Owned), Jo-Ann, Lowe's (Not Owned), T.J. Maxx
152	Grand Rapids, MI	Green Ridge Square	1995	1995	100%	216	\$ 2,865	\$ 13.66	Bed Bath & Beyond, Best Buy, Michaels, T.J. Maxx, Target (Not Owned), Toys "R" Us (Not Owned)
153	Grandville, MI	Grandville Marketplace	2003	2003	100%	224	\$ 2,052	\$ 10.76	Hobby Lobby, Lowe's (Not Owned), OfficeMax
154	Saginaw, MI	Valley Center	1994	2014	5%	409	\$ 3,542	\$ 9.82	Babies "R" Us, Barnes & Noble, Burlington, Dick's Sporting Goods, DSW, Michaels, PetSmart, T.J. Maxx
Minnesota									
155	Coon Rapids, MN	Riverdale Village	2003	DEV	100%	788	\$ 9,698	\$ 15.40	Bed Bath & Beyond, Best Buy, Costco (Not Owned), Dick's Sporting Goods, DSW, JCPenney, Jo-Ann, Kohl's, Old Navy, T.J. Maxx
156	Maple Grove, MN	Maple Grove Crossing	2002	1996	100%	262	\$ 3,285	\$ 12.63	Barnes & Noble, Bed Bath & Beyond, Cub Foods (Not Owned), Kohl's, Michaels
157	St. Paul, MN	Midway Marketplace	1995	1997	100%	324	\$ 2,802	\$ 8.64	Cub Foods, Herberger's (Not Owned), LA Fitness, T.J. Maxx, Walmart
Mississippi									
158	Gulfport, MS	Crossroads Center(2)	1999	2003	100%	555	\$ 6,330	\$ 11.66	Academy Sports, Barnes & Noble, Belk, Burke's Outlet, Cinemark, Forever 21, Michaels, Ross Dress for Less, T.J. Maxx
159	Tupelo, MS	Big Oaks Crossing	1992	1994	100%	348	\$ 2,043	\$ 6.12	Jo-Ann, Sam's Club, Walmart

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Missouri									
160	Brentwood, MO	The Promenade at Brentwood	1998	1998	100%	338	\$ 5,107	\$ 15.12	Bed Bath & Beyond, Micro Center, PetSmart, Target, Trader Joe's
161	Independence, MO	Independence Commons	1999	1995	100%	386	\$ 5,615	\$ 14.87	AMC Theatres, Barnes & Noble, Best Buy, Kohl's, Marshalls, Ross Dress for Less
New Hampshire									
162	Seabrook, NH	Seabrook Commons	2014	DEV	100%	175	\$ 3,082	\$ 18.57	Dick's Sporting Goods, Walmart (Not Owned)
New Jersey									
163	East Hanover, NJ	East Hanover Plaza	1994	2007	100%	98	\$ 1,856	\$ 19.80	Costco (Not Owned), HomeGoods, HomeSense, Sierra Trading Post, Target (Not Owned)
164	Edgewater, NJ	Edgewater Towne Center	2000	2007	100%	78	\$ 1,794	\$ 27.53	Whole Foods
165	Freehold, NJ	Freehold Marketplace	2005	DEV	100%	21	\$ 690	\$ 33.27	Sam's Club (Not Owned), Walmart (Not Owned)
166	Hamilton, NJ	Hamilton Marketplace	2004	2003	100%	542	\$ 9,573	\$ 18.00	Barnes & Noble, Bed Bath & Beyond, BJ's Wholesale Club (Not Owned), Kohl's, Lowe's (Not Owned), Michaels, Ross Dress for Less, ShopRite, Staples, Walmart (Not Owned)
167	Lumberton, NJ	Crossroads Plaza	2003	2007	20%	100	\$ 1,821	\$ 18.28	Lowe's (Not Owned), ShopRite
168	Lyndhurst, NJ	Lewandowski Commons	1998	2007	20%	78	\$ 1,547	\$ 22.81	Stop & Shop
169	Mays Landing, NJ	Hamilton Commons	2001	2004	100%	397	\$ 5,701	\$ 16.50	Bed Bath & Beyond, Hobby Lobby, Marshalls, Regal Cinemas, Ross Dress for Less
170	Mays Landing, NJ	Wrangleboro Consumer Square	1997	2004	100%	842	\$ 10,763	\$ 13.30	Babies "R" Us, Best Buy, BJ's Wholesale Club, Books-A-Million, Christmas Tree Shops, Dick's Sporting Goods, Just Cabinets, Kohl's, Michaels, PetSmart, Staples, Target
171	Princeton, NJ	Nassau Park Pavilion	2005	1997	100%	609	\$ 9,863	\$ 16.71	Babies "R" Us, Best Buy, buybuy BABY, Dick's Sporting Goods, Home Depot (Not Owned), HomeGoods, Michaels, PetSmart, Sam's Club (Not Owned), Target (Not Owned), Walmart (Not Owned), Wegmans
172	Union, NJ	Route 22 Retail Center	1997	2007	100%	112	\$ 2,089	\$ 18.61	Babies "R" Us, Dick's Sporting Goods, Target (Not Owned)
173	West Long Branch, NJ	Consumer Centre	1993	2004	100%	292	\$ 2,595	\$ 13.11	buybuy BABY, Home Depot, PetSmart
174	Woodland Park, NJ	West Falls Plaza	1995	2007	20%	91	\$ 1,816	\$ 20.41	andThat!, Cost Plus World Market
New York									
175	Hempstead, NY	The Hub	2001	2015	5%	249	\$ 3,201	\$ 13.92	Home Depot, Super Stop & Shop
176	Horseheads, NY	Southern Tier Crossing	2008	DEV	100%	175	\$ 2,422	\$ 15.98	Aldi (Not Owned), Dick's Sporting Goods, Jo-Ann, Kohl's (Not Owned), Walmart (Not Owned)
North Carolina									
177	Apex, NC	Beaver Creek Crossings	2006	DEV	100%	321	\$ 4,965	\$ 16.12	Burke's Outlet, Dick's Sporting Goods, Regal Beaver Creek 12, T.J. Maxx
178	Chapel Hill, NC	Meadowmont Village	2002	2007	20%	132	\$ 2,215	\$ 21.14	Harris Teeter
179	Charlotte, NC	Belgate Shopping Center	2017	DEV	100%	262	\$ 3,597	\$ 13.74	Burlington, Cost Plus World Market, Furniture Row (Not Owned), Hobby Lobby, IKEA (Not Owned), Marshalls, Old Navy, PetSmart, T.J. Maxx, Walmart (Not Owned)

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180	Charlotte, NC	Carolina Pavilion	1997	2012	100%	726	\$ 8,155	\$ 13.73	AMC Theatres, Babies "R" Us, Bed Bath & Beyond, Big Lots, buybuy BABY, Conn's, Frontgate Outlet Store, Jo-Ann, Nordstrom Rack, Old Navy, Ross Dress for Less, Sears Outlet, Target (Not Owned), Value City Furniture
181	Charlotte, NC	Cotswold Village	2013	2011	100%	263	\$ 5,795	\$ 22.31	Harris Teeter, Marshalls, PetSmart
182	Clayton, NC	Clayton Corners	1999	2007	20%	126	\$ 1,394	\$ 12.44	Lowes Foods
183	Cornelius, NC	The Shops at the Fresh Market	2001	2007	100%	130	\$ 1,553	\$ 12.05	Stein Mart, The Fresh Market
184	Fayetteville, NC	Fayetteville Pavilion	2001	2007	20%	274	\$ 3,306	\$ 12.30	Christmas Tree Shops, Food Lion, Marshalls, Michaels, PetSmart
185	Fuquay Varina, NC	Sexton Commons	2002	2007	20%	49	\$ 858	\$ 17.49	Harris Teeter
186	Huntersville, NC	Birkdale Village	2003	2007	15%	299	\$ 7,820	\$ 27.50	Barnes & Noble, Dick's Sporting Goods, Regal Cinemas (Not Owned)
187	Huntersville, NC	Rosedale Shopping Center	2000	2007	20%	119	\$ 1,988	\$ 17.58	Harris Teeter
188	Mooresville, NC	Winslow Bay Commons	2003	2007	15%	268	\$ 3,899	\$ 14.56	Dick's Sporting Goods, HomeGoods, Michaels, Ross Dress for Less, T.J. Maxx, Target (Not Owned)
189	Raleigh, NC	Alexander Place	2004	2007	15%	198	\$ 2,697	\$ 16.60	Kohl's, Walmart (Not Owned)
190	Raleigh, NC	Poyner Place	2012	2012	100%	254	\$ 3,771	\$ 15.97	Cost Plus World Market, Marshalls, Old Navy, Ross Dress for Less, Target (Not Owned), Toys "R" Us/Babies "R" Us
191	Wilmington, NC	University Centre	2001	IPO	100%	418	\$ 4,300	\$ 10.90	Bed Bath & Beyond, Lowe's, Old Navy, Ollie's Bargain Outlet, Ross Dress for Less, Sam's Club (Not Owned)
192	Winston Salem, NC	Shoppes at Oliver's Crossing	2003	2007	20%	77	\$ 1,010	\$ 13.41	Lowes Foods
Ohio									
193	Bellevue, OH	CVS	1998	2014	5%	10	\$ 147	\$ 14.46	—
194	Bowling Green, OH	Shoppes on South Main	1978	2014	5%	111	\$ 905	\$ 11.03	Home Depot (Not Owned), T.J. Maxx
195	Cincinnati, OH	Kenwood Square	2017	2013	100%	427	\$ 6,704	\$ 19.01	Dick's Sporting Goods, Macy's Furniture Gallery, Marshalls/HomeGoods, T.J. Maxx, The Fresh Market, Toys "R" Us/Babies "R" Us
196	Cincinnati, OH	Western Hills Square	1998	2014	5%	34	\$ 425	\$ 12.67	Kroger (Not Owned), PetSmart, Walmart (Not Owned)
197	Columbus, OH	Easton Market	2013	1998	100%	502	\$ 6,432	\$ 16.05	Bed Bath & Beyond, buybuy BABY, DSW, Michaels, Nordstrom Rack, PetSmart, Staples, T.J. Maxx, Value City Furniture
198	Columbus, OH	Hilliard Rome Commons	2001	2007	20%	111	\$ 1,620	\$ 14.62	—
199	Columbus, OH	Lennox Town Center	1997	1998	50%	374	\$ 4,586	\$ 12.41	AMC Theatres, Barnes & Noble, Marshalls, Staples, Target
200	Columbus, OH	Polaris Towne Center	1999	2011	100%	458	\$ 7,586	\$ 16.68	Best Buy, Big Lots, Jo-Ann, Kroger, Lowe's (Not Owned), OfficeMax, T.J. Maxx, Target (Not Owned)
201	Columbus, OH	Sun Center	1995	1998	79%	316	\$ 4,500	\$ 14.50	Ashley Furniture HomeStore, Babies "R" Us, Michaels, Staples, Stein Mart, Whole Foods
202	Dublin, OH	Perimeter Center	1996	1998	100%	136	\$ 2,229	\$ 16.50	Giant Eagle
203	Grove City, OH	Derby Square	1992	1998	20%	125	\$ 1,323	\$ 10.91	Giant Eagle
204	Lewis Center, OH	Powell Center	2000	2014	5%	202	\$ 2,700	\$ 13.37	Giant Eagle, HomeGoods, Marshalls, Michaels
205	Mason, OH	Waterstone Center	1998	2014	100%	162	\$ 2,363	\$ 15.86	Barnes & Noble, Bassett Home Furnishings, Best Buy, Costco (Not Owned), Michaels, Target (Not Owned)

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206	North Olmsted, OH	Great Northern Plaza	2013	1997	100%	631	\$ 8,389	\$ 13.78	Bed Bath & Beyond, Best Buy, Big Lots, Burlington, DSW, Home Depot, Jo-Ann, K&G Fashion Superstore, Marc's, PetSmart
207	Solon, OH	Uptown Solon	1998	DEV	100%	182	\$ 2,558	\$ 15.11	Bed Bath & Beyond, Mustard Seed Market & Cafe
208	Stow, OH	Stow Community Center	2008	DEV	100%	401	\$ 4,390	\$ 11.16	Bed Bath & Beyond, Giant Eagle, Hobby Lobby, Kohl's, OfficeMax, Target (Not Owned)
209	Toledo, OH	North Towne Commons	1995	2004	100%	80	\$ —	\$ —	Kroger (Not Owned), T.J. Maxx (Not Owned), Target (Not Owned)
210	Toledo, OH	Springfield Commons	1999	DEV	20%	272	\$ 2,349	\$ 11.32	Babies "R" Us, Bed Bath & Beyond, Kohl's, Old Navy
211	Westlake, OH	West Bay Plaza	2000	IPO	100%	151	\$ 957	\$ 14.25	Marc's
<u>Oregon</u>									
212	Gresham, OR	Gresham Station	2000	2016	100%	342	\$ 5,187	\$ 19.66	Bed Bath & Beyond, Best Buy, Craft Warehouse, LA Fitness
213	Portland, OR	Tanasbourne Town Center	2001	1996	100%	309	\$ 5,653	\$ 19.66	Barnes & Noble, Bed Bath & Beyond, Best Buy (Not Owned), Marshalls, Michaels, Nordstrom Rack (Not Owned), Office Depot, Ross Dress for Less, Sierra Trading Post, Target (Not Owned)
<u>Pennsylvania</u>									
214	Downingtown, PA	Ashbridge Square	1999	2015	5%	386	\$ 3,972	\$ 11.05	Best Buy, Christmas Tree Shops, Home Depot, Jo-Ann, Staples
215	Easton, PA	Southmont Plaza	2004	2015	5%	251	\$ 3,846	\$ 15.59	Barnes & Noble, Bed Bath & Beyond, Best Buy, Dick's Sporting Goods, Lowe's (Not Owned), Michaels, Staples
216	Erie, PA	Peach Street Marketplace(2)	2012	DEV	100%	721	\$ 6,995	\$ 10.16	Babies "R" Us, Bed Bath & Beyond, Best Buy (Not Owned), Burlington, Cinemark, Erie Sports, Hobby Lobby, Home Depot (Not Owned), Kohl's, Lowe's, Marshalls, PetSmart, Target (Not Owned)
217	Jenkintown, PA	Noble Town Center	1999	2014	100%	168	\$ 2,614	\$ 15.97	AFC Fitness, Bed Bath & Beyond, PetSmart, Ross Dress for Less, Stein Mart
218	King Of Prussia, PA	Overlook at King of Prussia	2002	2007	15%	193	\$ 5,591	\$ 28.96	Best Buy, Off 5th, United Artists Theatre
219	Mechanicsburg, PA	Silver Spring Square	2001	2013	100%	343	\$ 6,176	\$ 18.09	Bed Bath & Beyond, Best Buy, Kohl's (Not Owned), Ross Dress for Less, Target (Not Owned), Wegmans
220	Uniontown, PA	Widewater Commons	2008	2014	5%	47	\$ 583	\$ 14.18	PetSmart, Target (Not Owned)
<u>Puerto Rico</u>									
221	Arecibo, PR	Plaza del Atlántico	1993	2005	100%	223	\$ 2,391	\$ 12.28	Capri, Kmart
222	Bayamon, PR	Plaza del Sol	2014	2005	100%	611	\$ 16,492	\$ 31.74	Bed Bath & Beyond, Caribbean Cinemas, H & M, Home Depot (Not Owned), Old Navy, Walmart
223	Bayamon, PR	Plaza Río Hondo	2015	2005	100%	555	\$ 13,225	\$ 25.55	Best Buy, Caribbean Cinemas, Kmart, Marshalls Mega Store, Pueblo, T.J. Maxx
224	Carolina, PR	Plaza Escorial	1997	2005	100%	524	\$ 8,362	\$ 16.19	Caribbean Cinemas, Home Depot (Not Owned), OfficeMax, Old Navy, Sam's Club, Walmart
225	Cayey, PR	Plaza Cayey	2004	2005	100%	313	\$ 2,644	\$ 8.97	Caribbean Cinemas (Not Owned), Walmart
226	Fajardo, PR	Plaza Fajardo	2013	2005	100%	274	\$ 4,159	\$ 16.66	Econo, Walmart
227	Guayama, PR	Plaza Walmart	1994	2005	100%	164	\$ 1,268	\$ 9.25	Walmart

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228	Hatillo, PR	Plaza del Norte	2012	2005	100%	682	\$ 10,363	\$ 22.48	Caribbean Cinemas, JCPenney, OfficeMax, Rooms To Go, Sears, T.J. Maxx
229	Humacao, PR	Plaza Palma Real	1995	2005	100%	449	\$ 6,322	\$ 15.67	Capri, JCPenney, Marshalls, Pep Boys, Walmart
230	Isabela, PR	Plaza Isabela	1994	2005	100%	259	\$ 3,660	\$ 14.88	Selectos Supermarket, Walmart
231	Rio Piedras, PR	Señorial Plaza	2010	2005	100%	202	\$ 1,921	\$ 18.25	Pueblo
232	Vega Baja, PR	Plaza Vega Baja	1990	2005	100%	185	\$ 1,049	\$ 11.83	Econo
Rhode Island									
233	Warwick, RI	Warwick Center	2004	2007	15%	153	\$ 2,612	\$ 19.14	Barnes & Noble, Dick's Sporting Goods, DSW
South Carolina									
234	Anderson, SC	Midtowne Park	2008	2014	5%	167	\$ 1,949	\$ 11.64	Dick's Sporting Goods, Kohl's, Staples
235	Charleston, SC	Ashley Crossing	2011	2003	100%	208	\$ 1,824	\$ 9.85	Food Lion, Jo-Ann, Kohl's, Marshalls
236	Columbia, SC	Columbiana Station	2003	2007	15%	375	\$ 4,022	\$ 16.99	buybuy BABY, Columbia Grand Theatre (Not Owned), Dick's Sporting Goods, Michaels, PetSmart
237	Columbia, SC	Harbison Court	2015	2002	100%	242	\$ 2,912	\$ 14.82	Babies "R" Us (Not Owned), Marshalls, Nordstrom Rack, Ross Dress for Less
238	Greenville, SC	Hobby Lobby Center	2004	2014	5%	69	\$ 628	\$ 9.11	Hobby Lobby, Walmart (Not Owned)
239	Greenville, SC	The Point	2005	2007	20%	104	\$ 1,810	\$ 17.55	REI, Whole Foods
240	Mount Pleasant, SC	Wando Crossing	2000	1995	100%	205	\$ 2,751	\$ 13.77	Marshalls, Michaels, Office Depot, T.J. Maxx, Walmart (Not Owned)
241	Myrtle Beach, SC	The Plaza at Carolina Forest	1999	2007	20%	138	\$ 1,757	\$ 13.27	Kroger
Tennessee									
242	Brentwood, TN	Cool Springs Pointe	2004	2000	100%	198	\$ 3,048	\$ 15.38	Best Buy, Ross Dress for Less, Royal Furniture
243	Hendersonville, TN	Lowe's Home Improvement	1999	2003	100%	129	\$ 1,140	\$ 8.83	Lowe's
244	Knoxville, TN	Pavilion of Turkey Creek	2001	2007	15%	277	\$ 4,090	\$ 14.85	DSW, Hobby Lobby, OfficeMax, Old Navy, Ross Dress for Less, Target (Not Owned), Walmart (Not Owned)
245	Knoxville, TN	Town & Country Commons(2)	1997	2007	15%	655	\$ 6,916	\$ 10.84	Bargain Hunt, Best Buy, Conn's, Dick's Sporting Goods, Jo-Ann, Knoxville 16, Lowe's, Staples, Tuesday Morning
246	Memphis, TN	American Way	1988	2007	20%	110	\$ 712	\$ 7.67	—
247	Morristown, TN	Crossroads Square	2004	2007	20%	70	\$ 404	\$ 6.46	Bargain Hunt, OfficeMax (Not Owned)
248	Nashville, TN	Bellevue Place	2003	2007	15%	77	\$ 564	\$ 11.61	Bed Bath & Beyond, Home Depot (Not Owned)
Texas									
249	Burleson, TX	McAlister Square	2007	2014	5%	169	\$ 1,738	\$ 11.29	Academy Sports, Party City
250	Cedar Hill, TX	Cedar Hill Village	2002	2014	5%	44	\$ 707	\$ 18.19	24 Hour Fitness, JCPenney (Not Owned)
251	Fort Worth, TX	Eastchase Market	1997	2014	5%	262	\$ 2,762	\$ 11.49	Aldi (Not Owned), AMC Theatres, Burke's Outlet, Marshalls, Ross Dress for Less, Spec's Wine, Spirits & Finer Foods, Target (Not Owned)
252	Highland Village, TX	The Marketplace at Highland Village	2007	2013	100%	207	\$ 3,431	\$ 17.26	DSW, LA Fitness, Petco, T.J. Maxx/HomeGoods, Walmart (Not Owned)
253	Houston, TX	Willowbrook Plaza	2014	2015	100%	385	\$ 4,956	\$ 15.45	AMC Theatres, Bed Bath & Beyond, Bel Furniture, buybuy BABY, Cost Plus World Market

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254	Kyle, TX	Kyle Crossing	2010	DEV	100%	121	\$ 2,308	\$ 19.22	Kohl's (Not Owned), Ross Dress for Less, Target (Not Owned)
255	Mesquite, TX	The Marketplace at Towne Centre	2001	2003	100%	174	\$ 2,636	\$ 16.26	Cavender's (Not Owned), Home Depot (Not Owned), Kohl's (Not Owned), Michaels, PetSmart, Ross Dress for Less
256	San Antonio, TX	Bandera Pointe	2002	DEV	100%	500	\$ 5,764	\$ 13.23	Barnes & Noble, Gold's Gym, Jo-Ann, Kohl's (Not Owned), Lowe's, Old Navy, PetSmart, Ross Dress for Less, Spec's Wine, Spirits & Finer Foods (Not Owned), T.J. Maxx, Target (Not Owned)
257	San Antonio, TX	Terrell Plaza	2012	2007	100%	108	\$ 1,860	\$ 19.76	Ross Dress for Less, Target (Not Owned)
258	San Antonio, TX	Village at Stone Oak	2007	DEV	100%	448	\$ 8,143	\$ 21.39	Alamo Drafthouse Cinema, Hobby Lobby, HomeGoods, Target (Not Owned)
Virginia									
259	Dumfries, VA	Fortuna Center Plaza	2006	2013	100%	105	\$ 1,694	\$ 16.50	Shoppers Food Warehouse, Target (Not Owned)
260	Fairfax, VA	Fairfax Towne Center	1994	1995	100%	253	\$ 4,988	\$ 20.00	Bed Bath & Beyond, Jo-Ann, Regal Cinemas, Safeway, T.J. Maxx
261	Glen Allen, VA	Creeks at Virginia Centre	2002	2007	15%	266	\$ 4,064	\$ 15.65	Barnes & Noble, Bed Bath & Beyond, Dick's Sporting Goods, Michaels, Ross Dress for Less
262	Midlothian, VA	Commonwealth Center	2002	2007	100%	166	\$ 2,711	\$ 16.53	Michaels, Stein Mart, The Fresh Market
263	Richmond, VA	Downtown Short Pump	2000	2007	100%	126	\$ 2,799	\$ 22.46	American Family Fitness (Not Owned), Barnes & Noble, Regal Cinemas, Skate Nation (Not Owned)
264	Richmond, VA	White Oak Village	2008	2014	5%	432	\$ 5,983	\$ 15.83	JCPenney, K&G Fashion Superstore, Lowe's (Not Owned), Michaels, PetSmart, Publix, Sam's Club (Not Owned), Target (Not Owned)
265	Springfield, VA	Springfield Center	1999	2007	100%	177	\$ 3,217	\$ 22.26	Barnes & Noble, Bed Bath & Beyond, DSW, Michaels, The Tile Shop
266	Virginia Beach, VA	Indian Lakes Crossing	2008	2014	5%	71	\$ 1,081	\$ 15.58	Harris Teeter
267	Virginia Beach, VA	Kroger Plaza	1997	2007	20%	68	\$ 256	\$ 3.79	Kroger
268	Winchester, VA	Apple Blossom Corners	1997	IPO	20%	243	\$ 2,615	\$ 11.19	Books-A-Million, HomeGoods, Kohl's, Martin's
269	Winchester, VA	Winchester Station	2005	2014	5%	183	\$ 2,351	\$ 15.79	Bed Bath & Beyond, Michaels, Ross Dress for Less, Walmart (Not Owned)
Washington									
270	Vancouver, WA	Orchards Market Center	2005	2013	100%	178	\$ 2,864	\$ 16.43	Big 5 Sporting Goods (Not Owned), Jo-Ann, LA Fitness, Office Depot, Sportsman's Warehouse
Wisconsin									
271	Brookfield, WI	Shoppers World of Brookfield	1967	2003	100%	203	\$ 1,865	\$ 11.64	Burlington, Pick 'n Save (Not Owned), Ross Dress for Less, Xperience Fitness
272	Brown Deer, WI	Marketplace of Brown Deer	1989	2003	100%	410	\$ 3,478	\$ 9.27	Bob's Discount Furniture, Burlington, Michaels, OfficeMax, Pick 'n Save, Ross Dress for Less, T.J. Maxx
273	West Allis, WI	West Allis Center	1968	2003	100%	264	\$ 1,664	\$ 6.42	Kohl's, Marshalls/HomeGoods, Menards (Not Owned), Pick 'n Save

(1) Calculated as total annualized base rentals divided by Company-Owned rent commenced GLA as of December 31, 2017.

(2) Indicates an asset subject to a ground lease. All other assets are owned fee simple.

Item 3. LEGAL PROCEEDINGS

The Company and its subsidiaries are subject to various legal proceedings, which, taken together, are not expected to have a material adverse effect on the Company. The Company is also subject to a variety of legal actions for personal injury or property damage arising in the ordinary course of its business, most of which are covered by insurance. While the resolution of all matters cannot be predicted with certainty, management believes that the final outcome of such legal proceedings and claims will not have a material adverse effect on the Company's liquidity, financial position or results of operations.

Item 4. MINE SAFETY DISCLOSURES

Not Applicable.

Part II**Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

The high and low sale prices per share of the Company's common shares, as reported on the New York Stock Exchange (the "NYSE") composite tape, and declared dividends per share for the quarterly periods indicated were as follows:

	High	Low	Dividends
2017			
First	\$ 15.565	\$ 12.37	\$ 0.19
Second	13.00	8.12	0.19
Third	10.86	8.86	0.19
Fourth	9.265	7.26	0.19
2016			
First	\$ 17.81	\$ 15.355	\$ 0.19
Second	18.59	16.50	0.19
Third	19.92	17.00	0.19
Fourth	17.32	14.672	0.19

As of February 15, 2018, there were 5,978 record holders and approximately 28,500 beneficial owners of the Company's common shares.

The Company's Board of Directors approved a 2018 dividend policy that it believes will continue to result in sufficient free cash flow, while still adhering to REIT payout requirements. In February 2018, the Company declared its first-quarter 2018 dividend of \$0.19 per common share, payable on April 3, 2018, to shareholders of record at the close of business on March 16, 2018.

The decision to declare and pay future dividends on the common shares, as well as the timing, amount and composition of any such future dividends, will be at the discretion of the Company's Board of Directors and will be subject to the Company's cash flow from operations, earnings, financial condition, capital and debt service requirements and such other factors as the Board of Directors considers relevant. The Company is required by the Code to distribute at least 90% of its REIT taxable income. The Company intends to continue to declare quarterly dividends on its common shares; however, there can be no assurances as to the timing and amounts of future dividends.

Distributions to the extent of the Company's current and accumulated earnings and profits for federal income tax purposes will be taxable to shareholders as ordinary dividend income or capital gain income. Distributions in excess of taxable earnings and profits generally will be treated as non-taxable return of capital. These distributions, to the extent that they do not exceed the shareholder's adjusted tax basis in its common shares, have the effect of deferring taxation until the sale of the shareholder's common shares. To the extent that distributions are both in excess of taxable earnings and profits and in excess of the shareholder's adjusted tax basis in its common shares, the distribution will be treated as capital gain from the sale of common shares. For the taxable year ended December 31, 2017, approximately 81.4% of the Company's distributions to shareholders constituted a return of capital and approximately 18.6% constituted taxable ordinary income dividends.

Certain of the Company's indentures contain financial and operating covenants including the requirement that the cumulative dividends declared or paid from December 31, 1993, through the end of the current period cannot exceed Funds From Operations (as defined in the agreement) plus an additional \$20.0 million for the same period unless required to maintain REIT status.

During 2017, the Company had a dividend reinvestment plan under which shareholders could elect to reinvest their dividends automatically in common shares. Under the plan, the Company could, from time to time, elect to purchase common shares in the open market on behalf of participating shareholders or could issue new common shares to such shareholders. Capacity remaining under the dividend reinvestment plan was fully utilized in connection with dividends paid on the Company's common shares on January 5, 2018.

ISSUER PURCHASES OF EQUITY SECURITIES

	(a)	(b)	(c)	(d)
	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs (Millions)
October 1–31, 2017	43,785	\$ 9.16	—	—
November 1–30, 2017	1,178	7.87	—	—
December 1–31, 2017	8,402	8.24	—	—
Total	53,365	\$ 8.99	—	—

(1) Consists of common shares surrendered or deemed surrendered to the Company to satisfy statutory minimum tax withholding obligations in connection with the vesting and/or exercise of awards under the Company's equity-based compensation plans.

Item 6. SELECTED FINANCIAL DATA

The consolidated financial data included in the following table has been derived from the financial statements for the last five years and includes the information required by Item 301 of Regulation S-K. The following selected consolidated financial data should be read in conjunction with the Company's consolidated financial statements and related notes and Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations."

COMPARATIVE SUMMARY OF SELECTED FINANCIAL DATA
(In thousands, except per share data)

	For the Year Ended December 31,				
	2017	2016	2015	2014	2013
Operating Data:					
Revenues	\$ 921,588	\$ 1,005,805	\$ 1,028,071	\$ 985,675	\$ 829,935
Expenses:					
Rental operations	250,917	277,084	293,693	281,107	239,179
Impairment charges	340,480	110,906	279,021	29,175	19,044
Hurricane casualty and impairment loss	5,930	—	—	—	—
General and administrative	89,854	76,101	73,382	84,484	79,556
Depreciation and amortization	346,204	389,519	402,045	402,825	296,560
	<u>1,033,385</u>	<u>853,610</u>	<u>1,048,141</u>	<u>797,591</u>	<u>634,339</u>
Interest income	28,364	37,054	29,213	15,927	23,541
Interest expense	(188,647)	(217,589)	(241,727)	(237,120)	(214,370)
Other income (expense), net	(68,003)	3,322	(1,739)	(12,262)	(6,408)
	<u>(228,286)</u>	<u>(177,213)</u>	<u>(214,253)</u>	<u>(233,455)</u>	<u>(197,237)</u>
Loss before earnings from equity method investments and other items	(340,083)	(25,018)	(234,323)	(45,371)	(1,641)
Equity in net income (loss) of joint ventures	8,837	15,699	(3,135)	10,989	6,819
Reserve of preferred equity interests	(61,000)	—	—	—	—
Impairment of joint venture investments	—	—	(1,909)	(30,652)	(980)
Gain (loss) on sale and change in control of interests, net	368	(1,087)	7,772	87,996	19,906
Tax expense of taxable REIT subsidiaries and state franchise and income taxes	(12,418)	(1,781)	(6,286)	(1,855)	(2,685)
(Loss) income from continuing operations	(404,296)	(12,187)	(237,881)	21,107	21,419
Income (loss) from discontinued operations	—	—	—	89,398	(31,267)
(Loss) income before gain on disposition of real estate	(404,296)	(12,187)	(237,881)	110,505	(9,848)
Gain on disposition of real estate, net of tax	161,164	73,386	167,571	3,060	467
Net (loss) income	<u>\$ (243,132)</u>	<u>\$ 61,199</u>	<u>\$ (70,310)</u>	<u>\$ 113,565</u>	<u>\$ (9,381)</u>
Loss (income) attributable to non-controlling interests, net	1,447	(1,187)	(1,858)	3,717	(794)
Net (loss) income attributable to DDR	<u>\$ (241,685)</u>	<u>\$ 60,012</u>	<u>\$ (72,168)</u>	<u>\$ 117,282</u>	<u>\$ (10,175)</u>

Item 6. SELECTED FINANCIAL DATA (CONTINUED)
(In thousands, except per share data)

	For the Year Ended December 31,				
	2017	2016	2015	2014	2013
Earnings per share data – Basic:					
(Loss) income from continuing operations attributable to common shareholders	\$ (0.74)	\$ 0.10	\$ (0.27)	\$ 0.00	\$ (0.04)
Income (loss) from discontinued operations attributable to DDR shareholders	—	—	—	0.25	(0.10)
Net (loss) income attributable to common shareholders	<u>\$ (0.74)</u>	<u>\$ 0.10</u>	<u>\$ (0.27)</u>	<u>\$ 0.25</u>	<u>\$ (0.14)</u>
Weighted-average number of common shares	367,362	365,294	360,946	358,122	326,426
Earnings per share data – Diluted:					
(Loss) income from continuing operations attributable to common shareholders	\$ (0.74)	\$ 0.10	\$ (0.27)	\$ 0.00	\$ (0.04)
Income (loss) from discontinued operations attributable to DDR shareholders	—	—	—	0.25	(0.10)
Net (loss) income attributable to common shareholders	<u>\$ (0.74)</u>	<u>\$ 0.10</u>	<u>\$ (0.27)</u>	<u>\$ 0.25</u>	<u>\$ (0.14)</u>
Weighted-average number of common shares	367,362	365,561	360,946	358,122	326,426
Dividends declared	\$ 0.76	\$ 0.76	\$ 0.69	\$ 0.62	\$ 0.54

	December 31,				
	2017	2016	2015	2014	2013
Balance Sheet Data:					
Real estate (at cost)	\$ 8,248,003	\$ 9,244,058	\$ 10,128,199	\$ 10,335,785	\$ 10,228,061
Real estate, net of accumulated depreciation	6,294,524	7,247,882	8,065,300	8,426,200	8,401,082
Investments in and advances to joint ventures	383,813	454,131	467,732	414,848	448,008
Total assets	7,170,073	8,197,518	9,097,088	9,519,412	9,662,992
Total indebtedness	3,849,312	4,493,968	5,139,537	5,212,224	5,264,593
Total equity	2,897,438	3,246,012	3,463,469	3,797,528	3,927,879

	For the Year Ended December 31,				
	2017	2016	2015	2014	2013
Cash Flow Data:					
Cash flow provided by (used for):					
Operating activities	\$ 410,407	\$ 460,663	\$ 433,476	\$ 413,222	\$ 370,423
Investing activities	478,608	473,033	(54,648)	138,155	(884,490)
Financing activities	(833,516)	(926,992)	(378,772)	(638,635)	579,319

EXECUTIVE SUMMARY

The Company is a self-administered and self-managed Real Estate Investment Trust ("REIT") in the business of acquiring, owning, developing, redeveloping, expanding, leasing, financing and managing shopping centers. As of December 31, 2017, the Company's portfolio consisted of 273 shopping centers (including 137 shopping centers owned through joint ventures). These properties consist of 261 shopping centers owned in the United States and 12 in Puerto Rico. At December 31, 2017, the Company owned and managed approximately 92 million total square feet of gross leasable area ("GLA") through all its properties (wholly-owned and joint venture). The Company also owns more than 250 acres of undeveloped land, including joint venture interests in land. At December 31, 2017, the aggregate occupancy of the Company's operating shopping center-portfolio was 91.1%, and the average annualized base rent per occupied square foot was \$15.77.

Current Strategy

In 2017, the Company named a new executive team, including David Lukes as president and chief executive officer, Michael Makinen as chief operating officer and Matthew Ostrower as chief financial officer. The management team, led by Mr. Lukes, completed several key strategic objectives in 2017, which included the streamlining of the Company's organizational structure, completing capital markets transactions to improve the balance sheet and conducting a strategic portfolio review that resulted in the decision to sell additional assets, as well as spin off 50 assets into a separate, publicly-traded REIT. The Company made several organizational changes in an effort to centralize decision-making and lower operating costs, which are expected to generate an annualized stabilized reduction to general and administrative expenses of approximately \$6 million. As outlined below, the Company also took several steps to strengthen its balance sheet, extend its debt maturity profile and reduce its overall leverage and risk profile. One of the keys to achieving this objective is to recycle asset disposition proceeds toward deleveraging efforts. In April 2017, the Company announced its intention to generate \$900 million through asset sales. In addition, in December 2017, the Company announced its intent to spin off a portfolio of 50 assets that includes 38 continental U.S. assets and all 12 of its Puerto Rico assets into a separate publicly-traded REIT named Retail Value Inc. ("RVI"), that will seek to realize value for shareholders through operations and asset sales. Looking forward, the Company believes that the combination of realization of value in RVI and growth in cash flows at the remaining assets in DDR should translate into net asset growth over time for its investors.

After the completion of the spin-off, growth opportunities within the core property operations include rental increases and continued lease-up of the portfolio. Additional growth opportunities include a renewed focus on redevelopment of strong assets remaining in the DDR portfolio, completion of the disposition program and opportunistic investments. Other opportunities include expansion and reformatting to accommodate high-credit-quality tenants and downsizing or reconfiguring junior anchors to enhance the merchandising mix of shopping centers, both of which the Company believes will generate higher blended rental rates and operating cash flows. In addition to the deleveraging efforts, management intends to use proceeds from the sale of lower growth assets for opportunistic acquisitions that offer growth potential through specialized leasing and redevelopments efforts.

The Company believes the following serve as cornerstones for the execution of its strategy:

- Maximization of recurring cash flows through strong leasing and core property operations;
- Enhancement of property cash flows through continual creative, proactive redevelopment efforts that result in the profitable adaptation of assets to better suit dynamic retail tenant and community demands;
- Growth in Company cash flows through capital recycling, especially the redeployment of capital from mature, slower growing assets into opportunistic acquisitions with leasing and redevelopment potential;
- Risk mitigation through continuous focus on decreasing leverage levels and maintaining lengthy average debt maturities, as well as access to a diverse selection of capital sources, including the secured and unsecured debt markets, a large unsecured line of credit and equity from a wide range of joint venture partners and
- Sustainability of growth through a constant focus on relationships with investor, tenant, employee, community and environmental constituencies.

Transaction and Capital Markets Highlights

During 2017, the Company completed the following real estate transactions and financing activities:

- Raised \$975.0 million in the public debt and preferred equity markets and repaid \$900.0 million of senior unsecured notes, contributing to an increase in the Company's weighted-average debt maturity from 3.9 to 5.3 years;

- Extended maturity of the revolving credit facilities and increased the borrowing capacity to \$1.0 billion; also extended the maturity of \$200 million of the \$400 million unsecured term loan;
- Sold 47 shopping centers and land parcels for \$1.3 billion (including 15 shopping centers held in joint ventures), or \$763.1 million at the Company's share, and repaid \$522.4 million in secured debt with the net proceeds;
- Recapitalized the DDR Domestic Retail Fund I Joint Venture, which included \$706.7 million of new mortgage financings on 52 assets that were used to repay all of the joint venture's outstanding mortgage debt;
- Acquired one shopping center valued at \$81.0 million and
- Paid an annual cash dividend of \$0.76 per common share.

Operational Accomplishments

The Company continued to improve cash flow and the quality of its portfolio in 2017, as evidenced by the achievement of the following:

- Signed leases and renewals for approximately 10 million square feet of GLA, which included 2.2 million square feet of new leasing volume;
- Achieved blended leasing spreads of 6.0% for both new leases and renewals at DDR's share;
- Increased the annualized base rent per occupied square foot to \$15.77 at December 31, 2017, as compared to \$15.00 at December 31, 2016, an increase of 5.1%;
- Continued to maintain strong aggregate occupancy of 91.1% at December 31, 2017, as compared to 93.3% at December 31, 2016 and December 31, 2015 with the net decrease in occupancy primarily attributed to anchor tenant expirations and tenant bankruptcies, as well as the impact of asset sales with occupancy rates that were slightly above the portfolio average rate and
- Placed over \$100 million of development and redevelopment projects in service.

Retail Environment

The Company continues to see demand from a broad range of retailers for its space, even as many retailers continue to adapt to an omni-channel retail environment. Value-oriented retailers continue to take market share from conventional and national chain department stores. As a result, while certain of those conventional and national department stores have announced store closures and/or reduced expansion plans, other retailers, specifically those in the value and convenience category, continue to have store opening plans for 2018 and 2019. Many of the Company's largest tenants, including TJX Companies, Walmart, Five Below and Ulta, have reported increased same-store sales on an annual basis, and remained well capitalized while outperforming other retail categories on a relative basis. The Company has also been increasing its leasing to specialty grocers, which is an expanding category with strong traffic generation.

Company Fundamentals

The net 2.2% decrease in occupancy in 2017 was attributable mainly to anchor store closures and tenant bankruptcies, coupled with the impact of asset sales with occupancy rates that were slightly above the portfolio average rate. The 2017 occupancy rate reflects 0.7 million square feet of GLA of unabsorbed vacancy related to The Sports Authority and Golfsmith bankruptcies in 2016 and the hhgregg bankruptcy in 2017. Increased vacancy in the continental U.S. assets combined with weaker rental rates and the impact of Hurricane Maria in Puerto Rico generated a deceleration in comparable property profitability growth.

The following table lists the Company's 10 largest tenants based on total annualized rental revenues of the wholly-owned properties and the Company's proportionate share of unconsolidated joint venture properties combined as of December 31, 2017 (footnotes apply to all further references to noted tenants):

Tenant		% of Total Shopping Center Base Rental Revenues	% of Company-Owned Shopping Center GLA
1.	TJX Companies(A)	4.3%	5.0%
2.	Bed Bath & Beyond(B)	3.5%	3.9%
3.	PetSmart	2.7%	2.4%
4.	AMC Theatres	2.5%	1.4%
5.	Best Buy	2.4%	2.3%
6.	Dick's Sporting Goods(C)	2.4%	2.4%
7.	Ross Stores(D)	2.2%	2.9%
8.	Kohl's	2.0%	3.4%
9.	Michaels	1.9%	2.1%
10.	Gap(E)	1.8%	1.5%

(A) Includes T.J. Maxx, Marshalls, HomeGoods, Sierra Trading Post and HomeSense

(B) Includes Bed Bath & Beyond, Cost Plus World Market, buybuy BABY and Christmas Tree Shops

(C) Includes Dick's Sporting Goods and Golf Galaxy

(D) Includes Ross Dress for Less and dd's Discounts

(E) Includes Gap, Old Navy and Banana Republic

The following table lists the Company's 10 largest tenants based on total annualized rental revenues of the wholly-owned properties and of the unconsolidated joint venture properties as of December 31, 2017:

Tenant	Wholly-Owned Properties		Joint Venture Properties	
	% of Shopping Center Base Rental Revenues	% of Company-Owned Shopping Center GLA	% of Shopping Center Base Rental Revenues	% of Company-Owned Shopping Center GLA
TJX Companies(A)	4.4%	5.2%	3.2%	4.0%
Bed Bath & Beyond(B)	3.5%	4.0%	2.8%	3.0%
PetSmart	2.8%	2.5%	2.6%	2.4%
Best Buy	2.5%	2.4%	2.0%	1.6%
AMC Theatres	2.5%	1.4%	2.2%	1.4%
Dick's Sporting Goods(C)	2.5%	2.4%	2.9%	3.3%
Ross Stores(D)	2.1%	2.9%	2.6%	3.6%
Kohl's	2.0%	3.5%	1.9%	3.0%
Michaels	1.9%	2.1%	1.7%	2.0%
Gap(E)	1.8%	1.5%	1.5%	1.2%
Publix	0.2%	0.3%	4.1%	5.8%
Ahold Delhaize(F)	0.2%	0.2%	1.8%	1.4%

(A) Includes T.J. Maxx, Marshalls, HomeGoods, Sierra Trading Post and HomeSense

(B) Includes Bed Bath & Beyond, Cost Plus World Market, buybuy BABY and Christmas Tree Shops

(C) Includes Dick's Sporting Goods and Golf Galaxy

(D) Includes Ross Dress for Less and dd's Discounts

(E) Includes Gap, Old Navy and Banana Republic

(F) Includes Stop & Shop, Martin's and Food Lion

The Company leased approximately 10 million square feet of GLA, including 319 new leases and 817 renewals, for a total of 1,136 leases executed in 2017. The Company continued to execute both new leases and renewals at positive rental spreads; however, such spreads were lower than 2016 due to increased vacancy and weaker rental rates as discussed above. At December 31, 2017, the Company had 735 leases expiring in 2018 with an average base rent per square foot of \$8.20. For the comparable leases executed in 2017, at the Company's interest, the Company generated positive leasing spreads of 11.1% for new leases and 5.2% for renewals, or 6.0% on a blended basis. The new lease spread for 2017 was negatively impacted by an anchor tenant lease executed at a Puerto Rico property to replace a dark but rent paying tenant. Excluding the impact of this lease, the 2017 new lease spreads were 15.9% at the Company's interest, which is more in line with historical averages. Leasing spreads are a key metric in real estate, representing the percentage increase over rental rates on existing leases versus rental rates on new and renewal leases. The Company's leasing spread calculation includes only those deals that were executed within one year of the date the prior tenant vacated and, as a result, is a good benchmark to compare the average annualized base rent of expiring leases with the comparable executed market rental rates.

For new leases executed during 2017, at the Company's interest, the Company expended a weighted-average cost of tenant improvements and lease commissions estimated at \$4.76 per rentable square foot over the lease term. The annual weighted-average cost of tenant improvements and lease commissions ranged from \$3.68 to \$4.89 per rentable square foot over the five years ended December 31, 2017. The Company generally does not expend a significant amount of capital on lease renewals. Overall, capitalized leasing capital expenditures and costs increased in 2017 to \$35.0 million from \$32.3 million in 2016 as a result of the higher costs associated with re-leasing anchor vacancies caused by The Sports Authority, Golfsmith and hhgregg bankruptcies.

Hurricane Casualty Loss

In September 2017, Hurricane Irma made landfall in both Puerto Rico and Florida, and Hurricane Maria made landfall in Puerto Rico. The Company's Florida assets were minimally impacted by Hurricane Irma. However, the Company's 12 shopping centers in Puerto Rico and 36 employees based on the island were significantly impacted by Hurricane Maria. One of the Company's 12 shopping centers was severely damaged and is not operational, except for a few tenants representing a minimal amount of Company-owned GLA. The other 11 assets sustained varying degrees of damage, including some tenant spaces that are currently untenable. Following the storm, management's first priority was to account for and provide necessary resources to its Puerto Rico-based team. Second, the Company worked diligently to make all properties physically safe and prevent further water intrusion. Third, the Company worked to remove debris and provide generator power where possible until grid power was restored so that tenants could open as soon as possible. Since these initial efforts, the Company has been actively working with its consultants to finalize the scope and schedule of work to be performed to restore the assets. Restoration work has already started at several shopping centers. By the end of January 2018, utility power had been fully restored at all 12 properties. The Company estimates its aggregate casualty insurance claim will be in the range of \$150 million to \$175 million, which includes the costs to clean up, repair and rebuild, as well as lost revenue estimated through March 31, 2018. This estimate is subject to change as the Company continues to assess the costs to repair the damage. This amount also excludes casualty insurance proceeds due from certain continental-U.S.-based anchor tenants that maintain property insurance for their Company-owned premises. The Company maintains insurance on its assets in Puerto Rico with policy limits of approximately \$330 million for both property damage and business interruption. See further discussion in both "Contractual Obligations and Other Commitments" and Note 9, "Commitments and Contingencies," to the Company's consolidated financial statements included herein.

Year in Review—2017 Financial Results

For the year ended December 31, 2017, net income attributable to common shareholders decreased compared to the prior year, primarily due to \$340.5 million of impairment charges related to real estate assets marketed for sale and a change in strategic direction for certain properties, a \$66.4 million loss on debt retirement, a \$61.0 million valuation allowance recorded on the Company's preferred investments in two joint ventures, \$17.9 million aggregate charges associated with the executive management transition and staff restructuring, a \$10.8 million valuation allowance of a prepaid tax asset and \$4.2 million of lost tenant revenues net of expenses, which were partially offset by business interruption insurance income related to the hurricanes and an increase in gain on sale of real estate assets. The following provides an overview of the Company's key financial metrics (see Non-GAAP Financial Measures, FFO) (in thousands except per share amounts):

	For the Year Ended	
	December 31,	
	2017	2016
Net (loss) income attributable to common shareholders	\$ (270,444)	\$ 37,637
FFO attributable to common shareholders	\$ 256,823	\$ 466,160
Operating FFO attributable to common shareholders	\$ 432,365	\$ 468,392
(Loss) income per share – Diluted	\$ (0.74)	\$ 0.10

The following discussion of the Company's financial condition and results of operations provides information that will assist in the understanding of the Company's financial statements, the changes in certain key items and the factors that accounted for changes in the financial statements, as well as critical accounting policies that affected these financial statements.

CRITICAL ACCOUNTING POLICIES

The consolidated financial statements of the Company include the accounts of the Company and all subsidiaries where the Company has financial or operating control. The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying consolidated financial statements and related notes. In preparing these financial statements, management has used available information, including the Company's history, industry standards and the current economic environment, among other factors, in forming its estimates and judgments of certain amounts included in the Company's consolidated financial statements, giving due consideration to materiality. It is possible that the ultimate outcome as anticipated by management in formulating its estimates inherent in these financial statements might not materialize. Application of the critical accounting policies described below involves the exercise of judgment and the use of assumptions as to future uncertainties. Accordingly, actual results could differ from these estimates. In addition, other companies may use different estimates that may affect the comparability of the Company's results of operations to those of companies in similar businesses.

Revenue Recognition and Accounts Receivable

Rental revenue is recognized on a straight-line basis that averages minimum rents over the current term of the leases. Certain of these leases provide for percentage and overage rents based upon the level of sales achieved by the tenant. Percentage and overage rents are recognized after a tenant's reported sales have exceeded the applicable sales breakpoint set forth in the applicable lease. The leases also typically provide for tenant reimbursements of common area maintenance and other operating expenses and real estate taxes. Accordingly, revenues associated with tenant reimbursements are recognized in the period in which the expenses are incurred based upon the tenant lease provision. Ancillary and other property-related income, which includes the leasing of vacant space to temporary tenants, is recognized in the period earned. Lease termination fees are included in other revenue and recognized and earned upon termination of a tenant's lease and relinquishment of space in which the Company has no further obligation to the tenant. Management fees are recorded in the period earned. Fee income derived from the Company's unconsolidated joint venture investments is recognized to the extent attributable to the unaffiliated ownership interest. In 2014, the Financial Accounting Standards Board ("FASB") issued *Revenue from Contracts with Customers*, which is effective for the Company in 2018. Most significantly for the real estate industry, leasing transactions are not within the scope of the new standard. A majority of the Company's tenant-related revenue is recognized pursuant to lease agreements. This new standard and its impact on the Company is more fully described in Note 1, "Summary of Significant Accounting Policies – New Accounting Standards to Be Adopted," of the Company's consolidated financial statements included herein.

The Company makes estimates of the collectability of its accounts receivable related to base rents, including straight-line rentals, expense reimbursements and other revenue or income. The Company analyzes accounts receivable, tenant credit worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. In addition, with respect to tenants in bankruptcy, the Company makes estimates of the expected recovery of pre-petition and post-petition claims in assessing the estimated collectability of the related receivable. The time to resolve these claims may exceed one year. These estimates have a direct impact on the Company's earnings because a higher bad debt reserve and/or a subsequent write-off in excess of an estimated reserve results in reduced earnings.

Consolidation

All significant inter-company balances and transactions have been eliminated in consolidation. Investments in real estate joint ventures in which the Company has the ability to exercise significant influence, but does not have financial or operating control, are accounted for using the equity method of accounting. Accordingly, the Company's share of the earnings (or loss) of these joint ventures is included in consolidated net income.

The Company has a number of joint venture arrangements with varying structures. The Company consolidates entities in which it owns less than a 100% equity interest if it is determined that it is a variable interest entity ("VIE"), and the Company has a controlling interest in that VIE or is the controlling general partner. The analysis to identify whether the Company is the primary beneficiary of a VIE is based upon which party has (a) the power to direct activities of the VIE that most significantly affect the VIE's economic performance and (b) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. In determining whether it has the power to direct the activities of the VIE that most significantly affect the VIE's performance, the Company is required to assess whether it has an implicit financial responsibility to ensure that a VIE operates as designed. This qualitative assessment has a direct impact on the Company's financial statements, as the detailed activity of off-balance sheet joint ventures is not presented within the Company's consolidated financial statements.

Real Estate and Long-Lived Assets

Properties are depreciated using the straight-line method over the estimated useful lives of the assets. The Company is required to make subjective assessments as to the useful lives of its properties to determine the amount of depreciation to reflect on an annual basis with respect to those properties. These assessments have a direct impact on the Company's net income. If the Company were to extend the expected useful life of a particular asset, it would be depreciated over more years and result in less depreciation expense and higher annual net income.

On a periodic basis, management assesses whether there are any indicators that the value of real estate assets, including undeveloped land and construction in progress, and intangibles may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the carrying value of the property. The determination of undiscounted cash flows requires significant estimates by management. In management's estimate of cash flows, it considers factors such as expected future operating income (loss), trends and prospects, the effects of demand, competition and other factors. If the Company is evaluating the potential sale of an asset or development alternatives, the undiscounted future cash flows analysis is probability-weighted based upon management's best estimate of the likelihood of the alternative courses of action. Subsequent changes in estimated undiscounted cash flows arising from changes in anticipated actions could affect the determination of whether an impairment exists and whether the effects could have a material impact on the Company's net income. To the extent an impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the fair value of the property.

The Company is required to make subjective assessments as to whether there are impairments in the value of its real estate properties and other investments. These assessments have a direct impact on the Company's net income because recording an impairment charge results in an immediate negative adjustment to net income. If the Company's estimates of the projected future cash flows, anticipated holding periods or market conditions change, its evaluation of the impairment charges may be different, and such differences could be material to the Company's consolidated financial statements. Plans to hold properties over longer periods decrease the likelihood of recording impairment losses.

The Company allocates the purchase price to assets acquired and liabilities assumed at the date of acquisition. In estimating the fair value of the tangible and intangible assets and liabilities acquired, the Company considers information obtained about each property as a result of its due diligence, marketing and leasing activities. It applies various valuation methods, such as estimated cash flow projections using appropriate discount and capitalization rates, estimates of replacement costs net of depreciation and available market information. If the Company determines that an event has occurred after the initial allocation of the asset or liability that would change the estimated useful life of the asset, the Company will reassess the depreciation and amortization of the asset. The Company is required to make subjective estimates in connection with these valuations and allocations.

The Company generally considers assets to be held for sale when the transaction has been approved by the appropriate level of management and there are no known significant contingencies relating to the sale such that the sale of the property within one year is considered probable. This generally occurs when a sales contract is executed with no contingencies and the prospective buyer has significant funds at risk to ensure performance.

Measurement of Fair Value—Real Estate and Unconsolidated Joint Venture Investments

The Company is required to assess the value of certain impaired consolidated and unconsolidated joint venture investments as well as the underlying collateral for its preferred equity interests and certain financing notes receivable. The fair value of real estate investments used in the Company's impairment calculations is estimated based on the price that would be received to sell an asset in an orderly transaction between marketplace participants at the measurement date. Investments without a public market are valued based on assumptions made and valuation techniques used by the Company. The availability of observable transaction data and inputs can make it more difficult and/or subjective to determine the fair value of such investments. As a result, amounts ultimately realized by the Company from investments sold may differ from the fair values presented, and the differences could be material.

The valuation of impaired real estate assets, investments and real estate collateral is determined using widely accepted valuation techniques including the income capitalization approach or discounted cash flow analysis on the expected cash flows of each asset considering prevailing market capitalization rates, analysis of recent comparable sales transactions, actual sales negotiations, bona fide purchase offers received from third parties and/or consideration of the amount that currently would be required to replace the asset, as adjusted for obsolescence. In general, the Company considers multiple valuation techniques when measuring fair value of an investment. However, in certain circumstances, a single valuation technique may be appropriate.

For operational real estate assets, the significant assumptions include the capitalization rate used in the income capitalization valuation as well as the projected property net operating income and expected hold period. For projects under development or not at stabilization, including the Puerto Rico properties in 2017 that were significantly impacted by the hurricanes, the significant assumptions include the discount rate, the timing for the construction completion and project stabilization and the exit capitalization

rate. For investments in unconsolidated joint ventures, the Company also considers the valuation of any underlying joint venture debt. Valuation of real estate assets is calculated based on market conditions and assumptions made by management at the measurement date, which may differ materially from actual results if market conditions or the underlying assumptions change.

Preferred Equity Interests—Impairment Assessment

The Company evaluates the collectability of both the principal and interest on these investments based upon an assessment of the underlying collateral value to determine whether the investment is impaired. As the underlying collateral for the investments is real estate investments, the same valuation techniques are used to value the collateral as those used to determine the fair value of real estate investments for impairment purposes. In addition, the Company performs an additional present value of cash flows for the underlying collateral value that is probability-weighted based upon management's estimate of the repayment timing. The preferred equity interests are considered impaired if the Company's estimate of the fair value of the underlying collateral is less than the carrying value of the preferred equity interests. Interest income on impaired investments is recognized on a cash basis. The Company monitors the investments and related valuation allowance, which could be increased or decreased in future periods, as appropriate.

Investments in Joint Ventures—Impairment Assessment

The Company has a number of off-balance sheet joint ventures with varying structures. On a periodic basis, management assesses whether there are any indicators that the value of the Company's investments in unconsolidated joint ventures may be impaired. An investment's value is impaired only if management's estimate of the fair value of the investment is less than the carrying value of the investment and such loss is deemed to be other than temporary. To the extent an impairment has occurred, the loss is measured as the excess of the carrying amount of the investment over the estimated fair value of the investment.

Notes Receivable

Notes receivable include certain loans that are held for investment and are generally collateralized by real estate-related investments that may be subordinate to other senior loans. Loans receivable are recorded at stated principal amounts or at initial investment plus accretable yield for loans purchased at a discount. The related discounts on mortgages and other loans purchased are accreted over the life of the related loan receivable. The Company defers loan origination and commitment fees, net of origination costs, and amortizes them over the term of the related loan. The Company evaluates the collectability of both principal and interest on each loan based on an assessment of the underlying collateral value to determine whether it is impaired, and not by the use of internal risk ratings. A loan loss reserve is recorded when, based upon current information and events, it is probable that the Company will be unable to collect all amounts due according to the existing contractual terms and the amount of loss can be reasonably estimated. When a loan is considered to be impaired, the amount of loss is calculated by comparing the recorded investment to the value of the underlying collateral. As the underlying collateral for a majority of the notes receivable is real estate-related investments, the same valuation techniques are used to value the collateral as those used to determine the fair value of real estate investments for impairment purposes. Given the small number of loans outstanding, the Company does not provide for an additional allowance for loan losses based on the grouping of loans, as the Company believes the characteristics of the loans are not sufficiently similar to allow an evaluation of these loans as a group. As such, all of the Company's loans are evaluated individually for this purpose. Interest income on performing loans is accrued as earned. Recognition of interest income on an accrual basis on non-performing loans is resumed when it is probable that the Company will be able to collect amounts due according to the contractual terms.

Deferred Tax Assets and Tax Liabilities

The Company accounts for income taxes related to its taxable REIT subsidiary ("TRS") under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. The Company records net deferred tax assets to the extent it believes it is more likely than not that these assets will be realized. In making such determinations, the Company considers all available positive and negative evidence, including forecasts of future taxable income, the reversal of other existing temporary differences, available net operating loss carryforwards, tax planning strategies and recent results of operations. Several of these considerations require assumptions and significant judgment about the forecasts of future taxable income that are consistent with the plans and estimates that the Company is utilizing to manage its business. Based on this assessment, management must evaluate the need for, and amount of, valuation allowances against the Company's deferred tax assets. The Company would record a valuation allowance to reduce deferred tax assets if and when it has determined that an uncertainty exists regarding their realization, which would increase the provision for income taxes. To the extent facts and circumstances change in the future, adjustments to the valuation allowances may be required. In the event the Company were to determine that it would be able to realize the deferred income tax assets in the future in excess of their net recorded amount, the Company would adjust the valuation allowance, which would reduce the provision for income taxes. The Company makes certain estimates in the determination of the use of valuation reserves recorded for deferred tax assets. These estimates could have a direct impact on the Company's earnings, as a difference in the tax provision would impact the Company's earnings.

The Company has made estimates in assessing the impact of the uncertainty of income taxes. Accounting standards prescribe a recognition threshold and measurement attribute criteria for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. These estimates have a direct impact on the Company's net income because higher tax expense will result in reduced earnings.

Stock-Based Employee Compensation

Stock-based compensation requires all stock-based payments to employees, including grants of stock options, to be recognized in the financial statements based on their fair value. The fair value is estimated at the date of grant using a Black-Scholes option pricing model with weighted-average assumptions for the activity under stock plans. Option pricing model input assumptions, such as expected volatility, expected term and risk-free interest rate, all affect the fair value estimate. Further, the forfeiture rate has an impact on the amount of aggregate compensation. These assumptions are subjective and generally require significant analysis and judgment to develop.

When estimating fair value, some of the assumptions will be based on or determined from external data, and other assumptions may be derived from experience with stock-based payment arrangements. The appropriate weight to place on experience is a matter of judgment, based on relevant facts and circumstances.

COMPARISON OF 2017, 2016 AND 2015 RESULTS OF OPERATIONS

For the comparison of 2017 to 2016, shopping center properties owned as of January 1, 2016, and for the comparison of 2016 to 2015, shopping center properties owned as of January 1, 2015, are referred to herein as the "Comparable Portfolio Properties." These exclude properties under development or redevelopment and those sold by the Company.

Revenues from Operations (in thousands)

	2017	2016	2015	2017 vs. 2016 \$ Change	2016 vs. 2015 \$ Change
Base and percentage rental revenues(A)	\$ 640,011	\$ 708,818	\$ 726,004	\$ (68,807)	\$ (17,186)
Recoveries from tenants(B)	211,942	238,419	246,719	(26,477)	(8,300)
Fee and other income(C)	61,135	58,568	55,348	2,567	3,220
Business interruption income(D)	8,500	—	—	8,500	—
Total revenues(E)	\$ 921,588	\$ 1,005,805	\$ 1,028,071	\$ (84,217)	\$ (22,266)

(A) The changes were due to the following (in millions):

	2017 vs. 2016 Increase (Decrease)	2016 vs. 2015 Increase (Decrease)
Comparable Portfolio Properties(1)	\$ (1.1)	\$ 14.6
Acquisition of shopping centers	9.2	14.7
Development or redevelopment properties	0.6	3.4
Disposition of shopping centers in 2017 and 2016	(72.4)	(49.2)
Straight-line rents	(5.1)	(0.7)
Total	\$ (68.8)	\$ (17.2)

(1) Includes a reduction associated with both Hurricanes Irma and Maria for the Puerto Rico properties that has been partially defrayed by insurance proceeds as noted in (D) and (E) below.

The following tables present the statistics for the Company's portfolio affecting base and percentage rental revenues summarized by the following portfolios: combined shopping center portfolio, wholly-owned shopping center portfolio and joint venture shopping center portfolio.

Combined Shopping Center Portfolio December 31,			
	2017	2016	2015
Centers owned	273	319	367
Aggregate occupancy rate	91.1%	93.3%	93.3%
Average annualized base rent per occupied square foot	\$ 15.77	\$ 15.00	\$ 14.48

Wholly-Owned Shopping Centers December 31,			
	2017	2016	2015
Centers owned	136	167	198
Aggregate occupancy rate	90.8%	93.2%	93.3%
Average annualized base rent per occupied square foot	\$ 16.62	\$ 15.54	\$ 14.80

Joint Venture Shopping Centers December 31,			
	2017	2016	2015
Centers owned	137	152	169
Aggregate occupancy rate	91.6%	93.4%	93.1%
Average annualized base rent per occupied square foot	\$ 14.50	\$ 14.17	\$ 13.95

The Comparable Portfolio Properties' aggregate occupancy rate was 91.2% at December 31, 2017, as compared to 93.7% and 94.3% at December 31, 2016 and 2015, respectively. The Comparable Portfolio Properties' average annualized base rent per occupied square foot was \$16.51, \$15.67 and \$14.70, as of December 31, 2017, 2016 and 2015, respectively.

Comparison of 2017 to 2016

The decrease in occupancy rates primarily was due to a combination of anchor store tenant expirations and bankruptcies and, to a lesser extent, disposition activity that occurred during the year. Also, the 2017 occupancy rates above reflect the impact of unabsorbed vacancies related to The Sports Authority and Golfsmith bankruptcies that occurred in 2016 and the hhgregg bankruptcy in 2017.

- (B) The decrease primarily was driven by the net impact of disposition activity. Recoveries from tenants for the Comparable Portfolio Properties were approximately 92.5%, 96.2% and 95.7% of reimbursable operating expenses and real estate taxes for the years ended December 31, 2017, 2016 and 2015, respectively. The overall decreased percentage of recoveries from tenants in 2017 was attributable to the impact of the major tenant bankruptcies and related occupancy loss discussed above and the disposition of assets with lower recovery rates. Also a reduction in recovery income associated with both Hurricanes Irma and Maria for the Puerto Rico properties that has been partially defrayed by insurance proceeds as noted in (D) and (E) below.
- (C) Composed of the following (in millions):

	2017	2016	2015	2017 vs. 2016 \$ Change	2016 vs. 2015 \$ Change
Management, development and other fee income	\$ 33.6	\$ 36.3	\$ 33.0	\$ (2.7)	\$ 3.3
Ancillary and other property income	16.8	18.7	19.0	(1.9)	(0.3)
Lease termination fees	10.5	3.5	2.8	7.0	0.7
Other	0.2	0.1	0.5	0.1	(0.4)
	<u>\$ 61.1</u>	<u>\$ 58.6</u>	<u>\$ 55.3</u>	<u>\$ 2.5</u>	<u>\$ 3.3</u>

Comparison of 2017 to 2016

The revenues classified as management, development and other fee income are generated from the Company's unconsolidated joint ventures. In 2017, a decrease in management and other fee income of \$2.7 million resulted primarily from a reduction of asset management fees from one of the Company's joint ventures largely on account of a decrease in the size of that joint venture as a result of asset sales. In addition, the Company recorded a lease termination fee of \$8.2 million related to the receipt of a 132,700 square-foot building triggered by an anchor tenant not exercising its option under a ground lease at Riverdale Village shopping center in Coon Rapids, Minnesota. Changes in the number of assets under management or the joint venture fee structure could impact the amount of revenue recorded in future periods. Such changes could occur because the Company's property management agreements contain cancellation provisions and the Company's joint venture partners could dispose of shopping centers under DDR's management.

Comparison of 2016 to 2015

The Company recorded additional asset management fee income of \$3.1 million in the second quarter of 2016 related to an amendment of the provisions in the management agreement for one joint venture.

- (D) Represents payments received in the fourth quarter of 2017 from the Company's insurance company related to its claims for business interruption losses incurred at its Puerto Rico properties.
- (E) The Company did not record \$11.8 million of revenues in 2017 because of lost tenant revenue attributable to Hurricanes Irma and Maria that has been partially defrayed by the receipt of business interruption insurance proceeds as noted above. See further discussion in both "Contractual Obligations and Other Commitments" and Note 9, "Commitments and Contingencies," to the Company's financial statements included herein.

Expenses from Operations (in thousands)

	2017	2016	2015	2017 vs. 2016 \$ Change	2016 vs. 2015 \$ Change
Operating and maintenance(A)	\$ 122,315	\$ 134,297	\$ 147,418	\$ (11,982)	\$ (13,121)
Real estate taxes(A)	128,602	142,787	146,275	(14,185)	(3,488)
Impairment charges(B)	340,480	110,906	279,021	229,574	(168,115)
Hurricane casualty and impairment loss(C)	5,930	—	—	5,930	—
General and administrative(D)	89,854	76,101	73,382	13,753	2,719
Depreciation and amortization(A)	346,204	389,519	402,045	(43,315)	(12,526)
	<u>\$ 1,033,385</u>	<u>\$ 853,610</u>	<u>\$ 1,048,141</u>	<u>\$ 179,775</u>	<u>\$ (194,531)</u>

- (A) The changes were due to the following (in millions):

Comparison of 2017 to 2016

	2017 vs. 2016 \$ Change		
	Operating and Maintenance	Real Estate Taxes	Depreciation and Amortization
Comparable Portfolio Properties	\$ 0.7	\$ (2.0)	\$ (13.7)
Acquisition of shopping centers	1.6	2.3	6.6
Development or redevelopment properties	(0.4)	0.2	(0.6)
Disposition of shopping centers	(13.9)	(14.7)	(35.6)
	<u>\$ (12.0)</u>	<u>\$ (14.2)</u>	<u>\$ (43.3)</u>

Depreciation expense for Comparable Portfolio Properties was lower in 2017, primarily as a result of accelerated depreciation charges in 2016 related to changes in the useful lives of certain assets.

	2016 vs. 2015 \$ Change		
	Operating and Maintenance	Real Estate Taxes	Depreciation and Amortization
Comparable Portfolio Properties	\$ (4.4)	\$ 4.1	\$ 3.6
Acquisition of shopping centers	1.8	3.6	9.4
Development or redevelopment properties	0.9	0.4	(7.9)
Disposition of shopping centers	(11.4)	(11.6)	(17.6)
	<u>\$ (13.1)</u>	<u>\$ (3.5)</u>	<u>\$ (12.5)</u>

Depreciation expense for development or redevelopment properties was greater in 2015 primarily as of result of accelerated depreciation charges related to changes in the useful lives of certain assets. This expense was offset by assets placed in service in 2016.

- (B) The Company recorded impairment charges during the years ended December 31, 2017, 2016 and 2015, primarily triggered by changes in its strategic plan that impacted its asset hold-period assumptions. During 2015, management accelerated the Company's then in place portfolio quality initiative, which it intended to accomplish in part through the disposition of less strategic assets and undeveloped land. The disposition initiative triggered the recording of impairment charges on 25 operating shopping centers and five parcels of land. In 2016, the Company's management and Board of Directors decided to increase the volume of asset sales beyond the level contemplated in 2015 primarily to accelerate progress on its deleveraging goal. As a result, the decision to accelerate sales triggered the recording of impairment charges on 20 operating shopping centers that management identified as short-term disposition candidates. During 2017, impairments were triggered related to changes in asset hold-period assumptions and/or expected future cash flows primarily in conjunction with the Company's change in executive management and strategic direction. This change triggered the recording of impairment charges on 27 operating shopping centers and four parcels of land in both the continental U.S. and Puerto Rico.

Changes in (1) an asset's expected future undiscounted cash flows due to changes in market conditions, (2) various courses of action that may occur or (3) holding periods each could result in the recognition of additional impairment charges. Impairment charges are more fully described in Note 12, "Impairment Charges, Impairment of Joint Venture Investments and Reserves," of the Company's consolidated financial statements included herein.

- (C) The Hurricane Casualty and Impairment Loss is more fully described in both "Contractual Obligations and Other Commitments" and later in this section and Note 9, "Commitments and Contingencies," to the Company's consolidated financial statements included herein.
- (D) General and administrative expenses for the years ended December 31, 2017, 2016 and 2015, were approximately 6.3%, 5.0% and 4.7% of total revenues, respectively, including total revenues of unconsolidated joint ventures and managed properties. In 2017, the Company recorded separation charges aggregating \$17.9 million, which are primarily composed of \$9.4 million related to the March 2, 2017, management transition and \$7.2 million related to other staffing reductions associated with the restructuring announced on April 3, 2017, which eliminated a total of 65 positions. For the year ended December 31, 2017, general and administrative expenses of \$90.0 million less the separation charges of \$17.9 million were approximately 5.0% of total revenues described above.

The Company continues to expense certain internal leasing salaries, legal salaries and related expenses associated with leasing and re-leasing of existing space. However, the Company expects that upon adoption of the leasing standard in 2019, certain general and administrative expenses that are currently capitalized may be required to be expensed.

Other Income and Expenses (in thousands)

	2017	2016	2015	2017	2016
				vs.	vs.
				2016	2015
				\$ Change	\$ Change
Interest income(A)	\$ 28,364	\$ 37,054	\$ 29,213	\$ (8,690)	\$ 7,841
Interest expense(B)	(188,647)	(217,589)	(241,727)	28,942	24,138
Other income (expense), net(C)	(68,003)	3,322	(1,739)	(71,325)	5,061
	<u>\$ (228,286)</u>	<u>\$ (177,213)</u>	<u>\$ (214,253)</u>	<u>\$ (51,073)</u>	<u>\$ 37,040</u>

- (A) The change in the amount of interest income recognized in each of the three years primarily is due to the change in the composition of the preferred equity investments in the unconsolidated joint ventures with The Blackstone Group L.P. (“Blackstone”) (see Sources and Uses of Capital). At December 31, 2017, the Company had a gross preferred investment of \$333.0 million plus \$5.8 million of accrued interest, which excludes a \$61.0 million valuation allowance, with an annual interest rate of 8.5% due from its two joint ventures with Blackstone. Effective March 2017, as a result of the valuation allowances recorded, the Company no longer recognizes as interest income the 2.0% non-cash or Paid In Kind (“PIK”) component of the 8.5% fixed distribution. The Company’s recognition of the cash distributions from the securities remains unchanged and earns interest at 6.5%. In 2017, the Company received \$56.1 million in preferred equity repayments. Blackstone may sell certain assets owned through the joint venture and use the proceeds to repay a portion of the preferred equity. Any repayment of this preferred interest would impact the amount of interest income recorded by the Company in future periods (see Sources and Uses of Capital). The amount of interest income recorded in 2017 was further reduced due to the repayment of a \$30.6 million note receivable in April 2017 that was scheduled to mature in 2017.

The weighted-average loan receivable outstanding and weighted-average interest rate, including loans to affiliates and preferred equity interests, are as follows:

	For the Year Ended December 31,		
	2017	2016	2015
Weighted-average loan receivable outstanding (in millions)	\$ 405.9	\$ 439.8	\$ 351.4
Weighted-average interest rate	7.1%	8.5%	8.5%

- (B) The weighted-average debt outstanding and related weighted-average interest rate are as follows:

	For the Year Ended December 31,		
	2017	2016	2015
Weighted-average debt outstanding (in billions)	\$ 4.3	\$ 4.9	\$ 5.2
Weighted-average interest rate	4.3%	4.5%	4.8%

The reduction is a result of the Company’s overall strategy to reduce leverage. The weighted-average interest rate (based on contractual rates and excluding senior convertible debt accretion, fair market value of adjustments and debt issuance costs) was 4.1%, 4.5% and 4.6% at December 31, 2017, 2016 and 2015, respectively.

Interest costs capitalized in conjunction with development and redevelopment projects and unconsolidated development and redevelopment joint venture interests were \$1.9 million for the year ended December 31, 2017, compared to \$3.1 million and \$6.7 million for the years ended December 31, 2016 and 2015, respectively. The decrease in the amount of interest costs capitalized is a result of a change in the mix of active development projects year over year and reduced development activity.

- (C) Other income (expense) was composed of the following (in millions):

	For the Year Ended December 31,		
	2017	2016	2015
Transaction and other (expense) income, net	\$ (1.6)	\$ 3.8	\$ (0.7)
Debt extinguishment (costs) gain, net	(66.4)	(0.5)	(1.0)
	<u>\$ (68.0)</u>	<u>\$ 3.3</u>	<u>\$ (1.7)</u>

In the fourth quarter of 2017, the Company recorded \$2.8 million of costs related to the announced RVI spin-off transaction. Debt extinguishment costs are primarily a result of make-whole amounts and other costs incurred from the redemption of senior unsecured notes in 2017.

In 2016 and 2015, the Company incurred \$0.3 million and \$1.0 million, respectively, in transaction costs related to the acquisition of shopping centers. As a result of the 2017 adoption of the business combinations standard, the majority of the transaction costs incurred related to the acquisition of shopping centers are now capitalized to real estate assets.

Other Items (in thousands)

	2017	2016	2015	2017 vs. 2016 \$ Change	2016 vs. 2015 \$ Change
Equity in net income (loss) of joint ventures ^(A)	\$ 8,837	\$ 15,699	\$ (3,135)	\$ (6,862)	\$ 18,834
Reserve of preferred equity interests ^(B)	(61,000)	—	—	(61,000)	—
Impairment of joint venture investments ^(C)	—	—	(1,909)	—	1,909
Gain (loss) on sale and change in control of interests, net ^(D)	368	(1,087)	7,772	1,455	(8,859)
Tax expense of taxable REIT subsidiaries and state franchise and income taxes ^(E)	(12,418)	(1,781)	(6,286)	(10,637)	4,505

(A) The changes in equity in net income (loss) of joint ventures were due to the following:

Comparison of 2017 to 2016

The decrease primarily was a result of impairment charges recorded aggregating \$90.6 million on 10 assets, of which the Company's share was \$5.0 million, and the sale of 15 unconsolidated joint venture assets in 2017. Joint venture property sales could significantly impact the amount of income or loss recognized in future periods. Additionally, in 2017, the Company's joint venture DDR Domestic Retail Fund I (now DDRM Properties) was recapitalized (See Sources and Uses of Capital).

Comparison of 2016 to 2015

The increase primarily was a result of the sale of 11 assets by one unconsolidated joint venture in 2016, of which the Company's share of the gain was \$13.5 million, as well as higher impairment charges in 2015.

- (B) In 2017, the Company recorded a valuation allowance on its preferred equity investments. The valuation allowance is more fully described in Note 2, "Investments in and Advances to Joint Ventures," of the Company's consolidated financial statements included herein.
- (C) Described in Note 12, "Impairment Charges, Impairment of Joint Venture Investments and Reserves," of the Company's consolidated financial statements included herein.
- (D) Primarily driven by the Company's strategy to recycle assets, including those held through unconsolidated joint venture investments. In 2017, the Company purchased the minority interest in one shopping center resulting in a gain. In 2016, the Company divested its interest in an approximately 25%-owned joint venture. In 2015, the Company acquired its partner's interest in one shopping center. In 2015, these gains were offset by a loss on sale of the disposition of a 50% investment in a property management company to the Company's joint venture partner. As these properties were previously unconsolidated, the Company accounted for the acquisition transactions as step acquisitions and recorded an aggregate net gain on change in control.
- (E) In 2015, the Company completed a tax restructuring related to the Company's assets in Puerto Rico, in accordance with temporary legislation of the Puerto Rico Internal Revenue Code. This election permitted the Company to step up its tax basis in the then 14 Puerto Rican assets and reduce its effective tax rate from 39% to a 10% withholding tax related to those assets. In 2017, the Company established a valuation allowance aggregating \$10.8 million on the prepaid tax asset triggered by the change in asset-hold period assumptions related to its change in strategic direction for the Puerto Rico properties.

Disposition of Real Estate, Non-Controlling Interests and Net Income (Loss) (in thousands)

	2017	2016	2015	2017 vs. 2016 \$ Change	2016 vs. 2015 \$ Change
Gain on disposition of real estate, net ^(A)	\$ 161,164	\$ 73,386	\$ 167,571	\$ 87,778	\$ (94,185)
Loss (income) attributable to non-controlling interests, net	1,447	(1,187)	(1,858)	2,634	671
Net (loss) income attributable to DDR ^(B)	(241,685)	60,012	(72,168)	(301,697)	132,180

(A) The Company sold 32, 33 and 29 assets in 2017, 2016 and 2015, respectively.

(B) The changes in net (loss) income attributable to DDR were due to the following:

Comparison of 2017 to 2016

The decrease primarily was due to the following items in 2017: (1) impairment charges of \$340.5 million, (2) a \$61.0 million valuation allowance recorded on the Company's preferred investments in its two joint ventures with Blackstone, (3) a \$66.4 million loss on debt extinguishment, (4) an aggregate separation charge of \$17.9 million associated with executive management transition and staff restructuring, (5) a valuation allowance of \$10.8 million of the Puerto Rico prepaid tax asset, partially offset by (6) an increase in gain on sale of real estate assets.

Comparison of 2016 to 2015

The increase primarily was due to lower impairment charges recorded in 2016, in addition to the transactional impact of the investment activity completed in 2015 and lower interest expense as a result of the repayment of higher interest rate debt through the use of proceeds from asset sales in 2015.

NON-GAAP FINANCIAL MEASURES

Funds from Operations and Operating Funds from Operations

Definition and Basis of Presentation

The Company believes that Funds from Operations ("FFO") and Operating FFO, both non-GAAP financial measures, provide additional and useful means to assess the financial performance of REITs. FFO and Operating FFO are frequently used by the real estate industry, as well as securities analysts, investors and other interested parties, to evaluate the performance of REITs.

FFO excludes GAAP historical cost depreciation and amortization of real estate and real estate investments, which assume that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions, and many companies use different depreciable lives and methods. Because FFO excludes depreciation and amortization unique to real estate and gains and losses from depreciable property dispositions, it can provide a performance measure that, when compared year over year, reflects the impact on operations from trends in occupancy rates, rental rates, operating costs, interest costs and acquisition, disposition and development activities. This provides a perspective of the Company's financial performance not immediately apparent from net income determined in accordance with GAAP.

FFO is generally defined and calculated by the Company as net income (loss) (computed in accordance with GAAP), adjusted to exclude (i) preferred share dividends, (ii) gains and losses from disposition of depreciable real estate property and related investments, which are presented net of taxes, (iii) impairment charges on depreciable real estate property and related investments and (iv) certain non-cash items. These non-cash items principally include real property depreciation and amortization of intangibles, equity income (loss) from joint ventures and equity income (loss) from non-controlling interests and adding the Company's proportionate share of FFO from its unconsolidated joint ventures and non-controlling interests, determined on a consistent basis. The Company's calculation of FFO is consistent with the definition of FFO provided by the National Association of Real Estate Investment Trusts ("NAREIT").

The Company believes that certain gains and charges recorded in its operating results are not comparable or reflective of its core operating performance. As a result, the Company also computes Operating FFO and discusses it with the users of its financial statements, in addition to other measures such as net income (loss) determined in accordance with GAAP and FFO. Operating FFO is generally defined and calculated by the Company as FFO excluding certain charges and gains that management believes are not comparable and indicative of the results of the Company's operating real estate portfolio. Such adjustments include gains on the sale of and/or change in control of interests, gains/losses on the sale of non-depreciable real estate, impairments of non-depreciable real estate, gains/losses on the early extinguishment of debt, transaction costs and other restructuring type costs. The disclosure of these charges and gains is regularly requested by users of the Company's financial statements. The adjustment for these charges and gains may not be comparable to how other REITs or real estate companies calculate their results of operations, and the Company's calculation of Operating FFO differs from NAREIT's definition of FFO. Additionally, the Company provides no assurances that these charges and gains are non-recurring. These charges and gains could be reasonably expected to recur in future results of operations.

These measures of performance are used by the Company for several business purposes and by other REITs. The Company uses FFO and/or Operating FFO in part (i) as a disclosure to improve the understanding of the Company's operating results among the investing public, (ii) as a measure of a real estate asset's performance, (iii) to influence acquisition, disposition and capital investment strategies and (iv) to compare the Company's performance to that of other publicly traded shopping center REITs.

For the reasons described above, management believes that FFO and Operating FFO provide the Company and investors with an important indicator of the Company's operating performance. They provide recognized measures of performance other than GAAP

net income, which may include non-cash items (often significant). Other real estate companies may calculate FFO and Operating FFO in a different manner.

Management recognizes the limitations of FFO and Operating FFO when compared to GAAP's net income. FFO and Operating FFO do not represent amounts available for dividends, capital replacement or expansion, debt service obligations or other commitments and uncertainties. Management does not use FFO or Operating FFO as an indicator of the Company's cash obligations and funding requirements for future commitments, acquisitions or development activities. Neither FFO nor Operating FFO represents cash generated from operating activities in accordance with GAAP, and neither is necessarily indicative of cash available to fund cash needs. Neither FFO nor Operating FFO should be considered an alternative to net income (computed in accordance with GAAP) or as an alternative to cash flow as a measure of liquidity. FFO and Operating FFO are simply used as additional indicators of the Company's operating performance. The Company believes that to further understand its performance, FFO and Operating FFO should be compared with the Company's reported net income (loss) and considered in addition to cash flows determined in accordance with GAAP, as presented in its consolidated financial statements. Reconciliations of these measures to their most directly comparable GAAP measure of net income (loss) have been provided below.

Reconciliation Presentation

FFO and Operating FFO attributable to common shareholders were as follows (in thousands):

	For the Year Ended December 31,			2017 vs. 2016	2016 vs. 2015
	2017	2016	2015	\$ Change	\$ Change
FFO attributable to common shareholders	\$ 256,823	\$ 466,160	\$ 348,300	\$ (209,337)	\$ 117,860
Operating FFO attributable to common shareholders	432,365	468,392	446,190	(36,027)	22,202

Comparison of 2017 to 2016

The decrease in FFO primarily was a result of a \$61.0 million valuation allowance recorded on the Company's preferred investment in two joint ventures, a \$66.4 million loss on debt extinguishment, a \$10.8 million valuation allowance of a Puerto Rico prepaid tax asset and an aggregate charge of \$17.9 million associated with the executive management transition and staff restructuring. The decrease in Operating FFO primarily was attributable to the dilutive impact of using proceeds from asset sales to repay debt.

Comparison of 2016 to 2015

The increase in FFO primarily was due to lower impairment charges of non-depreciable assets recorded in 2016 compared to the prior year, the transactional impact of the investment activity completed in 2015 and lower interest expense as a result of the repayment of higher interest rate debt through the use of proceeds from asset sales. The increase in Operating FFO primarily was due to the same factors impacting FFO.

The Company's reconciliation of net (loss) income attributable to common shareholders computed in accordance with GAAP to FFO attributable to common shareholders and Operating FFO attributable to common shareholders is as follows (in thousands). The Company provides no assurances that these charges and gains are non-recurring. These charges and gains could reasonably be expected to recur in future results of operations.

	For the Year Ended December 31,		
	2017	2016	2015
Net (loss) income attributable to common shareholders	\$ (270,444)	\$ 37,637	\$ (94,543)
Depreciation and amortization of real estate investments	336,346	381,170	393,847
Equity in net (income) loss of joint ventures	(8,837)	(15,699)	3,135
Impairment of depreciable joint venture investments	—	—	1,909
Joint ventures' FFO(A)	29,319	26,025	27,579
Non-controlling interests (OP Units)	303	303	635
Impairment of depreciable real estate assets	330,493	110,906	179,748
Gain on disposition of depreciable real estate	(160,357)	(74,182)	(164,010)
FFO attributable to common shareholders	256,823	466,160	348,300
Reserve of preferred equity interests	61,000	—	—
Hurricane casualty loss(B)	4,192	—	—
Impairment charges – non-depreciable assets	12,653	—	99,273
Separation charges	17,872	—	2,566
Other (income) expense, net(C)	69,480	651	2,342
Equity in net loss of joint ventures – debt extinguishment costs and transaction costs	726	24	250
Gain on sale and change in control of interests, net	(368)	—	(7,772)
Valuation allowance/tax expense	10,794	(326)	4,362
(Gain) loss on disposition of non-depreciable real estate	(807)	1,883	(3,131)
Non-operating items, net	175,542	2,232	97,890
Operating FFO attributable to common shareholders	\$ 432,365	\$ 468,392	\$ 446,190

(A) At December 31, 2017, 2016 and 2015, the Company had an economic investment in unconsolidated joint venture interests related to 136, 151 and 168 shopping center properties, respectively. These joint ventures represent the investments in which the Company recorded its share of equity in net income or loss and, accordingly, FFO and Operating FFO.

FFO at DDR ownership interests considers the impact of basis differentials. Joint ventures' FFO and Operating FFO are summarized as follows (in thousands):

	For the Year Ended December 31,		
	2017	2016	2015
Net income (loss) attributable to unconsolidated joint ventures	\$ 21,956	\$ 26,972	\$ (62,482)
Depreciation and amortization of real estate investments	180,337	195,198	207,816
Impairment of depreciable real estate assets	90,597	13,598	52,700
Gain on disposition of depreciable real estate, net	(101,806)	(56,943)	(17,188)
FFO	\$ 191,084	\$ 178,825	\$ 180,846
FFO at DDR's ownership interests	\$ 29,319	\$ 26,025	\$ 27,579
Operating FFO at DDR's ownership interests	\$ 30,045	\$ 26,049	\$ 27,829

(B) The hurricane casualty loss is summarized as follows (in thousands):

	For the Year Ended December 31,	
	2017	
Lost tenant revenue	\$	11,859
Business interruption income		(8,500)
Clean up costs and other expenses, net		833
	\$	<u>4,192</u>

(C) Amounts included in other income/expense as follows (in thousands):

	For the Year Ended December 31,		
	2017	2016	2015
Transaction and other (income) expense, net	\$ 3,033	\$ 142	\$ 1,338
Debt extinguishment costs, net	66,447	509	1,004
	<u>\$ 69,480</u>	<u>\$ 651</u>	<u>\$ 2,342</u>

Net Operating Income and Same Store Net Operating Income

Definition and Basis of Presentation

The Company uses Net Operating Income (“NOI”), which is a non-GAAP financial measure, as a supplemental performance measure. NOI is calculated as property revenues less property-related expenses. The Company believes NOI provides useful information to investors regarding the Company’s financial condition and results of operations because it reflects only those income and expense items that are incurred at the property level and, when compared across periods, reflects the impact on operations from trends in occupancy rates, rental rates, operating costs and acquisition and disposition activity on an unleveraged basis.

The Company also presents NOI information on a same store basis, or Same Store Net Operating Income (“SSNOI”). The Company defines SSNOI as property revenues less property-related expenses, which exclude straight-line rental income and expenses, lease termination income, management fee expense, fair market value of leases and expense recovery adjustments. SSNOI also excludes activity associated with development and major redevelopment and single tenant assets and includes assets owned in comparable periods (12 months for year end comparisons). In addition, due to the impact of Hurricanes Irma and Maria on its properties in Puerto Rico in 2017, as discussed in “Contractual Obligations and Other Commitments,” the Company also excludes its Puerto Rico NOI from SSNOI. SSNOI excludes all non-property and corporate level revenue and expenses. Other real estate companies may calculate NOI and SSNOI in a different manner. The Company believes SSNOI provides investors with additional information regarding the operating performances of comparable assets because it excludes certain non-cash and non-comparable items as noted above. SSNOI is frequently used by the real estate industry, as well as securities analysts, investors and other interested parties, to evaluate the performance of REITs.

The Company believes that SSNOI is not, and is not intended to be, a presentation in accordance with GAAP. SSNOI information has its limitations as it excludes any capital expenditures associated with the re-leasing of tenant space or as needed to operate the assets. SSNOI does not represent amounts available for dividends, capital replacement or expansion, debt service obligations or other commitments and uncertainties. Management does not use SSNOI as an indicator of the Company’s cash obligations and funding requirements for future commitments, acquisitions or development activities. SSNOI does not represent cash generated from operating activities in accordance with GAAP and is not necessarily indicative of cash available to fund cash needs. SSNOI should not be considered as an alternative to net income (computed in accordance with GAAP) or as an alternative to cash flow as a measure of liquidity. A reconciliation of NOI and SSNOI to their most directly comparable GAAP measure of net income (loss) has been provided:

Reconciliation Presentation

The Company's reconciliation of net (loss) income computed in accordance with GAAP to NOI and SSNOI for the Company at 100% and at its effective ownership interest of the assets is as follows (in thousands):

	At 100%		At the Company's Interest	
	For the Year Ended December 31,			
	2017	2016	2017	2016
Net (loss) income attributable to DDR	\$ (241,685)	\$ 60,012	\$ (241,685)	\$ 60,012
Fee income	(33,641)	(36,298)	(33,641)	(36,298)
Interest income	(28,364)	(37,054)	(28,364)	(37,054)
Interest expense	188,647	217,589	188,647	217,589
Depreciation and amortization	346,204	389,519	346,204	389,519
General and administrative	89,854	76,101	89,854	76,101
Other expense, net	68,003	(3,322)	68,003	(3,322)
Impairment charges	340,480	110,906	340,480	110,906
Hurricane casualty and impairment loss	5,930	—	5,930	—
Equity in net income of joint ventures	(8,837)	(15,699)	(8,837)	(15,699)
Reserve of preferred equity interests	61,000	—	61,000	—
(Gain) loss on sale and change in control	(368)	1,087	(368)	1,087
Valuation allowance of prepaid tax asset	10,794	—	10,794	—
Tax expense	1,624	1,781	1,624	1,781
Gain on disposition of real estate	(161,164)	(73,386)	(161,164)	(73,386)
(Loss) income from non-controlling interests	(1,447)	1,187	(1,447)	1,187
Consolidated NOI	\$ 637,030	\$ 692,423	\$ 637,030	\$ 692,423
DDR's consolidated joint venture	—	—	(1,568)	(1,715)
Consolidated NOI, net of non-controlling interests	\$ 637,030	\$ 692,423	\$ 635,462	\$ 690,708
Net income from unconsolidated joint ventures	\$ 21,956	\$ 26,972	\$ 3,374	\$ 11,322
Interest expense	107,330	132,943	16,887	21,135
Depreciation and amortization	180,337	195,198	22,131	22,484
Impairment charges	90,597	13,598	8,481	2,720
Preferred share expense	32,251	33,418	1,613	1,671
Other expense, net	25,986	23,513	4,340	3,973
Gain on disposition of real estate, net	(101,806)	(57,261)	(5,178)	(10,913)
Unconsolidated NOI	\$ 356,651	\$ 368,381	\$ 51,648	\$ 52,392
Total Consolidated + Unconsolidated NOI	\$ 993,681	\$ 1,060,804	\$ 687,110	\$ 743,100
Less: Non-Same Store NOI adjustments and Puerto Rico NOI	(196,469)	(262,675)	(162,719)	(218,792)
Total SSNOI	\$ 797,212	\$ 798,129	\$ 524,391	\$ 524,308
SSNOI % Change		(0.1%)		0.0%

Comparison of 2017 to 2016

The decrease in SSNOI in 2017 as compared to 2016 primarily is due to the decrease in occupancy related to anchor store closures and tenant bankruptcies as previously discussed herein.

LIQUIDITY, CAPITAL RESOURCES AND FINANCING ACTIVITIES

The Company remains committed to strengthening its balance sheet, improving liquidity and lowering leverage, as well as lowering its overall risk profile. As a result, the Company periodically evaluates opportunities to issue and sell additional debt or equity securities, obtain credit facilities from lenders, or repurchase or refinance long-term debt as part of this overall strategy to further strengthen its financial position. In 2017, the Company completed two public debt offerings and an issuance of preferred shares in order to refinance maturing debt and also extended the maturity and capacity of its revolving credit facilities to improve liquidity and debt duration. As a result, through the completion of these financing activities, the Company increased its weighted-average debt maturity from 3.9 years at December 31, 2016 to 5.3 years at December 31, 2017.

The Company's consolidated and unconsolidated debt obligations generally require monthly or semi-annual payments of principal and/or interest over the term of the obligation. While the Company currently believes it has several viable sources to obtain capital and fund its business, including capacity under its facilities described below, no assurance can be provided that these obligations will be refinanced or repaid as currently anticipated.

The Company has historically accessed capital sources through both the public and private markets. Acquisitions, developments and redevelopments are generally financed through cash provided from operating activities, Revolving Credit Facilities (as defined below), mortgages assumed, secured debt, unsecured debt, common and preferred equity offerings, joint venture capital and asset sales. Total consolidated debt outstanding was \$3.9 billion at December 31, 2017, compared to \$4.5 billion and \$5.1 billion at December 31, 2016 and 2015, respectively.

2018 Financing Activities

In February 2018, RVI, a wholly-owned subsidiary of the Company, entered into a \$1.35 billion mortgage loan in connection with the Company's previously announced plan to spin off 50 properties in mid-year 2018 into a separate publicly-traded REIT. The mortgage loan matures in February 2021 and is subject to two one-year extension options, at the Company's option, provided certain conditions are met. The mortgage loan is secured by 38 properties owned by RVI in the continental U.S. and by a pledge of the equity of RVI's subsidiaries that own 12 properties in Puerto Rico. The mortgage loan bears interest at an initial annual rate of one-month LIBOR plus 330 basis points, provided that such spread is subject to amendment upon the occurrence of certain events as well as defined increases during each extension period. In connection with this financing, the Company entered into an interest rate cap agreement for a notional amount of \$1.35 billion having a LIBOR strike rate of 3.0%. The loan is structured as an interest only loan subject to certain amortization requirements in the event RVI's continental U.S. properties fail to meet certain debt yield thresholds on or after the first anniversary of the closing.

Proceeds from the mortgage loan were used to repay \$452.5 million of outstanding mortgage debt and \$856.5 million aggregate principal amount of senior unsecured notes with maturity dates ranging from July 2018 to February 2025, which were accepted for payment on February 16, 2018.

Revolving Credit Facilities

In 2017, the Company amended and restated its unsecured revolving credit facility with a syndicate of financial institutions, arranged by J.P. Morgan Chase Bank, N.A., Wells Fargo Securities, LLC, Citizens Bank, N.A., RBC Capital Markets and U.S. Bank National Association (the "Unsecured Credit Facility"). The Unsecured Credit Facility provides for borrowings of up to \$950 million and includes an accordion feature for expansion of availability up to \$1.45 billion provided that new or existing lenders agree to the existing terms of the facility and increase their commitment level. The Company also amended its unsecured revolving credit facility with PNC Bank, National Association, which provides for maximum borrowing availability of \$50 million (together with the Unsecured Credit Facility and the "Revolving Credit Facilities") to reflect substantially the same terms as in the Unsecured Credit Facility. The Company's borrowings under the Revolving Credit Facilities bear interest at variable rates at the Company's election, based on either LIBOR, plus a specified spread (1.2% at December 31, 2017), or the Alternate Base Rate, as defined in the respective facility plus a specified spread (0.20% at December 31, 2017). The Company also pays an annual facility fee (0.25% at December 31, 2017) on the aggregate commitments applicable to each Revolving Credit Facility. The specified spreads and commitment fees vary depending on the Company's long-term senior unsecured debt ratings from Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings and their successors ("S&P").

The Revolving Credit Facilities and the indentures under which the Company's senior and subordinated unsecured indebtedness are, or may be, issued contain certain financial and operating covenants including, among other things, leverage ratios and debt service coverage and fixed charge coverage ratios, as well as limitations on the Company's ability to incur secured and unsecured indebtedness, sell all or substantially all of the Company's assets and engage in mergers and certain acquisitions. These credit facilities and indentures also contain customary default provisions including the failure to make timely payments of principal and interest payable thereunder, the failure to comply with the Company's financial and operating covenants, the occurrence of a material adverse effect on the Company and the failure of the Company or its majority-owned subsidiaries (i.e., entities in which the Company has a greater than 50% interest) to pay, when due, certain indebtedness in excess of certain thresholds beyond applicable grace and cure periods. In the event the Company's lenders or note holders declare a default, as defined in the applicable agreements governing the debt, the Company may be unable to obtain further funding, and/or an acceleration of any outstanding borrowings may occur. As of December 31, 2017, the Company was in compliance with all of its financial covenants in the agreements governing its debt. Although the Company intends to operate in compliance with these covenants, if the Company were to violate these covenants, the Company may be subject to higher finance costs and fees or accelerated maturities. The Company believes it will continue to operate in compliance with these covenants in 2018 and beyond.

Senior Notes

In 2017, the Company issued \$350.0 million aggregate principal amount of 3.900% senior unsecured notes due August 2024. Net proceeds from the issuances were used to repay all of the Company's \$300.0 million aggregate principal amount of 7.875% senior unsecured notes due September 2020. In connection with this repayment, the Company paid \$51.2 million in make-whole premiums.

Also in 2017, the Company issued \$450.0 million aggregate principal amount of 4.700% senior unsecured notes due June 2027. Net proceeds from the issuance were used to repay amounts outstanding under the Revolving Credit Facilities and for general corporate purposes. In July 2017, the Company repaid all of its \$300.0 million aggregate principal amount of 4.75% senior unsecured notes due April 2018 in part with a portion of the net proceeds of the 4.700% senior unsecured notes due June 2027 and the net proceeds from its \$175.0 million aggregate liquidation preference of 6.375% Class A cumulative redeemable preferred shares as described below. In connection with this repayment, the Company paid \$7.3 million in make-whole premiums.

Equity

Preferred Shares

In 2017, the Company issued \$175.0 million aggregate liquidation preference, of its newly designated 6.375% Class A cumulative redeemable preferred shares at a liquidation preference of \$500.00 per share (or \$25.00 per depositary share).

Common Shares

The Company has a \$250 million continuous equity program. At February 15, 2018, the Company had all \$250.0 million available for the future issuance of common shares under that program.

Consolidated Indebtedness – as of December 31, 2017

The Company expects to fund its obligations from available cash, current operations and utilization of its Revolving Credit Facilities; however, the Company may issue long-term debt and/or equity securities in lieu of, or in addition to, borrowing under its Revolving Credit Facilities. The Company intends to continue to maintain a long-term financing strategy with limited reliance on short-term debt. The Company believes its Revolving Credit Facilities are sufficient for its liquidity strategy and longer-term capital structure needs. Part of the Company's overall strategy includes refinancing short-term debt maturities in order to increase the weighted-average duration of its indebtedness and scheduling future debt maturities in a balanced manner over the long term. The following depicts the Company's consolidated debt maturities at December 31, 2017, and forecasted 14 months (February 2019), after deducting debt that was repaid or has refinancing options, and compares that amount to the cash and restricted cash available to fund debt repayments and availability of the Revolving Credit Facilities (in millions):

July 2018 Senior Note maturity	\$	82.2
April 2018 Unsecured Term Loan maturity		200.0
Mortgage debt maturities through February 2019		98.6
		<u>380.8</u>
Less: Mortgage debt repaid through February 16, 2018		(1.5)
Less: Senior notes repaid through February 16, 2018(A)		(60.0)
Less: Unsecured Term Loan extension option(B)		(200.0)
Pro forma debt maturities at December 31, 2017		<u>119.3</u>
Cash and cash equivalents at December 31, 2017	\$	92.6
Borrowing capacity available on Revolving Credit Facilities at December 31, 2017		<u>1,000.0</u>
Pro forma cash and Revolving Credit Facilities available at December 31, 2017	\$	<u>1,092.6</u>

(A) In addition to the amount reflected above, the Company repaid an additional \$796.5 million aggregate principal amount of senior unsecured notes, which were accepted for payment on February 16, 2018.

(B) Debt maturity is expected to be extended at the Company's option in accordance with the loan agreement.

At December 31, 2017, the Company's borrowing capacity on the Revolving Credit Facilities and cash on hand was sufficient to repay debt maturities through February 2019. The debt maturity of the Company was extended from the transactions listed above and should be read in connection with the "Contractual Obligations and Other Commitments" section included later in this section.

As discussed above, the Company is looking to strengthen its balance sheet and reduce leverage, and as a result, the Company may utilize net asset sale proceeds to repay debt. No assurance can be provided that these obligations will be refinanced or repaid as currently anticipated. These sources of funds could be affected by various risks and uncertainties (see Item 1A. Risk Factors).

The Company's 2018 maturities include a \$200 million unsecured term loan, which has extension options to January 2020. After giving effect to the financing transactions completed in early 2018 as discussed above, management believes the scheduled debt maturities in 2018 and future years are manageable (see Contractual Obligations and Other Commitments). The Company continually evaluates its debt maturities and, based on management's assessment, believes it has viable financing and refinancing alternatives. The Company seeks to manage its debt maturities through executing a strategy to extend debt duration, increase liquidity, lower leverage and improve the Company's credit profile with the focus of lowering the Company's balance sheet risk and cost of capital.

Unconsolidated Joint Ventures Mortgage Indebtedness – as of December 31, 2017

The debt maturities of the Company's unconsolidated joint ventures at December 31, 2017, and forecasted 14 months (February 2019), are as follows (in millions):

	Outstanding at December 31, 2017	At DDR Share
DDR – SAU Retail Fund, LLC(A)	\$ 59.2	\$ 11.8
BRE DDR Retail Holdings IV(B)	120.3	6.0
DDRTC Core Retail Fund, LLC(B)	185.6	27.8
BRE DDR Retail Holdings III(C)	514.4	25.7
Total debt maturities through February 2019	\$ 879.5	\$ 71.3

- (A) Expected to be refinanced.
- (B) Expected to be extended at the joint venture's option in accordance with the loan agreement.
- (C) Expect to extend \$472.4 million at the joint venture's option in accordance with the loan agreement.

It is expected that the joint ventures will fund these obligations from refinancing opportunities, including extension options or possible asset sales. No assurance can be provided that these obligations will be refinanced or repaid as currently anticipated.

Cash Flow Activity

The Company's core business of leasing space to well-capitalized retailers continues to generate consistent and predictable cash flow after expenses, interest payments and preferred share dividends. This capital is available for use at the Company's discretion for investment, debt repayment and the payment of dividends on common and preferred shares.

The Company's cash flow activities are summarized as follows (in thousands):

	For the Year Ended December 31,		
	2017	2016	2015
Cash flow provided by operating activities	\$ 410,407	\$ 460,663	\$ 433,476
Cash flow provided by (used for) investing activities	478,608	473,033	(54,648)
Cash flow used for financing activities	(833,516)	(926,992)	(378,772)

Changes in cash flow for the year ended December 31, 2017, compared to the prior year are described as follows:

Operating Activities: Cash provided by operating activities decreased \$50.3 million primarily due to the following:

- Impact of asset sales, partially offset by a decrease in interest expense.

Investing Activities: Cash provided by investing activities increased \$5.6 million primarily due to the following:

- Increase in repayments from notes receivable and joint venture advances, net of \$83.2 million;
- Reduction in real estate assets acquired and developed of \$107.5 million;
- Lower proceeds of \$133.8 million from disposition of real estate in 2017 and
- Additional equity contributions to joint ventures of \$61.3 million, net of distributions.

Financing Activities: Cash used for financing activities decreased \$93.5 million primarily due to the following:

- Issuance of unsecured senior notes and preferred shares in 2017, aggregating \$960.1 million and
- Increase of \$862.9 million in debt repayments.

Dividend Distribution

The Company satisfied its REIT requirement of distributing at least 90% of ordinary taxable income with declared common and preferred share cash dividends of \$309.1 million in 2017, as compared to \$300.5 million of cash dividends paid in 2016 and \$272.4 million of cash dividends paid in 2015. Because actual distributions were greater than 100% of taxable income, federal income taxes were not incurred by the Company in 2017.

The Company declared cash dividends of \$0.76 per common share in 2017. In February 2018, the Company declared its first quarter 2018 dividend of \$0.19 per common share payable on April 3, 2018, to shareholders of record at the close of business on March 16, 2018. The Board of Directors of the Company expects to continue to monitor the 2018 dividend policy and provide for adjustments (including with any consummation of the previously announced spin-off of RVI) as determined to be in the best interests of the Company and its shareholders to maximize the Company's free cash flow while still adhering to REIT payout requirements.

SOURCES AND USES OF CAPITAL

2018 and 2017 Strategic Transaction Activity

On December 14, 2017, DDR announced its intention to spin off 50 assets that includes 38 continental U.S. assets and the entirety of its Puerto Rico portfolio into a separate, publicly-traded REIT, RVI, in the summer of 2018. These properties comprise 16 million square feet of Company-owned GLA and are located in 17 states and Puerto Rico. It is expected that the assets placed into RVI, which have a combined gross book value of \$2.9 billion as of December 31, 2017, will realize value for its shareholders through operations and asset sales. It is expected that RVI will be managed by DDR.

The Company remains committed to strengthening the balance sheet, improving liquidity and lowering leverage, as well as lowering its overall risk profile. Asset sales continue to represent a potential source of proceeds to be used to achieve these objectives.

Dispositions

The current management team joined the Company in March 2017 and evaluated the portfolio on an asset-by-asset basis to determine its investment strategy. In 2017, the Company sold 32 shopping center properties, aggregating 5.9 million square feet, which, together with land sales and loan repayments, generated proceeds totaling \$677.8 million. The shopping center sales include two assets in Puerto Rico, aggregating 0.4 million square feet, for an aggregate sales price of \$57.3 million. The Company recorded a net gain of \$161.2 million. In addition, two of the Company's unconsolidated joint ventures sold 15 shopping center assets, aggregating 3.0 million square feet, for a gross sales price of \$545.6 million, of which the Company's proportionate share of the gain was \$5.7 million. In addition, from January 1, 2018 through February 15, 2018, the Company sold three operating assets, including one asset owned by a joint venture, for an aggregate sales price of \$99.7 million at the Company's share. The asset sales from the joint ventures with Blackstone triggered additional proceeds received by the Company of \$90.6 million in preferred equity repayments from January 1, 2017 through February 15, 2018.

Changes in investment strategies for assets may impact the Company's hold-period assumptions for those properties. The disposition of certain assets, including those assets to be placed into RVI, could result in a loss or impairment recorded in future periods. The Company evaluates all potential sale opportunities taking into account the long-term growth prospects of the assets, the use of proceeds and the impact to the Company's balance sheet, in addition to the impact on operating results.

Acquisition

In 2017, the Company acquired 3030 North Broadway in Chicago, Illinois, a 131,748 square foot Company-owned GLA grocery-anchored shopping center, for \$81.0 million. The contract for this acquisition was initially executed in mid-2016, but closing was delayed until the completion of construction.

DDRM Properties (Recapitalization of DDR Domestic Retail Fund I)

In 2017, the Company and an affiliate of Madison International Realty ("Madison") recapitalized a joint venture with 52 shopping centers previously owned by the Company and various partners through the DDR Domestic Retail Fund I ("DRF I"), totaling \$1.05 billion. Madison International Real Estate Liquidity Fund VI, an investment fund managed by Madison, acquired 80% of the common equity in the joint venture, renamed DDRM Properties, and an affiliate of the Company retained its 20% interest. The ownership structure of DDRM Properties is consistent with the structure of the joint venture prior to the recapitalization. Three properties previously held by DRF I have been excluded from the recapitalization and are being held in a separate joint venture with the previous partners of DRF I, including the Company. In addition, the Company will continue to provide leasing and management services. The recapitalization included the repayment of all outstanding mortgage debt previously held by the joint venture, a majority of which was scheduled to mature in July 2017. The joint venture obtained new mortgage loan financing collateralized by the 52 assets, aggregating \$706.7 million (of which the Company's pro rata share was \$141.3 million), that \$488.0 million matures in July

2019 with extension options in the agreement to extend the maturity date to July 2022, subject to certain conditions and \$18.7 million matures in July 2022. DDR contributed \$46.9 million in cash to fund its pro rata share of the recapitalization and related debt refinancing.

Development and Redevelopment Opportunities

One of the important benefits of the Company's asset class is the ability to phase development and redevelopment projects over time until appropriate leasing levels can be achieved. To maximize the return on capital spending, the Company generally adheres to strict investment criteria thresholds. A key component to the Company's strategic plan will be the evaluation of additional redevelopment potential within the portfolio, particularly as it relates to the efficient use of the real estate and the Company's ratio of big box tenants versus small shop space.

The Company will generally commence construction on various developments and redevelopments only after substantial tenant leasing has occurred. The Company will continue to closely monitor its expected spending in 2018 for redevelopments, as the Company considers this funding to be discretionary spending. The Company does not anticipate expending significant funds on joint venture redevelopment projects in 2018.

The Company's consolidated land holdings are classified in two separate line items on the Company's consolidated balance sheets included herein, (i) Land and (ii) Construction in Progress and Land. At December 31, 2017, the \$1.7 billion of Land primarily consisted of land that is part of the Company's shopping center portfolio. However, this amount also includes a small portion of vacant land composed primarily of outlots or expansion pads adjacent to the shopping center properties. Approximately 115 acres of this land, which has a recorded cost basis of approximately \$12 million, is available for future development.

Included in Construction in Progress and Land at December 31, 2017, was \$22 million of recorded costs related to undeveloped land for which active construction never commenced or was previously ceased. The Company evaluates these assets each reporting period and records an impairment charge equal to the difference between the current carrying value and fair value when the expected undiscounted cash flows are less than the asset's carrying value.

Development and Redevelopment Projects

As part of its strategy to develop, expand, improve and re-tenant various properties, at December 31, 2017, the Company has invested approximately \$134 million in various consolidated active redevelopment projects. At December 31, 2017, the Company had no significant consolidated development projects.

The Company's major redevelopment projects are typically substantially complete within a year of the construction commencement date. At December 31, 2017, the Company's significant consolidated redevelopment projects were as follows (in thousands):

Location	Estimated Stabilized Quarter	Estimated Gross Cost	Cost Incurred at December 31, 2017
Kenwood Square (Cincinnati, Ohio)	2Q18	\$ 31,171	\$ 24,481
Plaza del Sol (expansion) (San Juan, Puerto Rico)	1Q18	11,818	9,197
Lee Vista Promenade (Orlando, Florida)	1Q19	39,342	30,396
West Bay Plaza (Cleveland, Ohio)	3Q19	27,792	5,099
Total		<u>\$ 110,123</u>	<u>\$ 69,173</u>

For redevelopment assets completed in 2017, the assets placed in service were completed at a cost of approximately \$123 per square foot.

Transactions with Blackstone

The Company has invested in several joint venture arrangements with Blackstone. Each of the joint ventures is structured with Blackstone-affiliated entities owning 95% of the common equity and a consolidated affiliate of DDR owning the remaining 5%. DDR also invested preferred equity in each joint venture. For both joint ventures, the preferred equity has a fixed preferred dividend rate of 8.5% per annum that is comprised of two components, a cash dividend rate of 6.5% and an accrued PIK of 2.0%. The Company no longer recognizes the accrued PIK as income due to the valuation allowance. The investments are as follows:

- *BRE DDR Retail Holdings III*– At December 31, 2017, there were 37 assets in this joint venture, aggregating 7.2 million square feet of owned-GLA. In addition, DDR had \$220.7 million in preferred equity in the joint venture, net of a \$50.0 million valuation allowance. Repayments from net asset sale proceeds are allocated 52.0% to the preferred member unless certain financial covenants have been triggered, in which event 100% to the preferred member. In 2017, 2016 and 2015,

the joint venture sold 13 assets, six assets and 14 assets, respectively, at an aggregate sales price of \$514.4 million, \$44.1 million and \$213.0 million, respectively.

- *BRE DDR Retail Holdings IV* – At December 31, 2017, there were six assets in this joint venture, aggregating 1.3 million square feet of owned-GLA. In addition, DDR had \$57.1 million in preferred equity in the joint venture, net of an \$11.0 million valuation allowance. Repayments from net asset sale proceeds are first subject to a minimum sales threshold of \$4.9 million, of which \$1.1 million is allocated to the preferred member; subsequent net asset sale proceeds are expected to be available to repay the preferred member. Included in the collateral for the preferred equity interest is 95% of the value of the six joint venture properties and 100% of the value of three properties in which the Company does not have a material interest, but to which DDR provides property asset management services.

Blackstone continues to evaluate its strategy with respect to the assets held in this joint venture, which could result in the sale of additional assets in 2018. Any resulting proceeds of any such sales would first be used to repay the related first mortgage debt, and then a portion of the remaining funds would be used to repay DDR's preferred equity pursuant to the joint venture agreement terms. Any repayment of the preferred equity would reduce the amount of interest income recorded by the Company.

2016 and 2015 Strategic Transaction Activity

Acquisitions and Investments

In 2016, the Company acquired two shopping centers (Phoenix, Arizona, and Portland, Oregon). These assets aggregated 0.6 million square feet of Company-owned GLA and were acquired for an aggregate purchase price of \$146.8 million.

In 2015, the Company acquired four shopping centers (Orange County, California; Orlando, Florida (two assets), and Houston, Texas). These assets aggregated 1.2 million square feet of Company-owned GLA and were acquired for an aggregate purchase price of \$219.1 million. The Company assumed \$33.0 million of mortgage debt at a fair value of \$33.7 million at closing with these acquisitions. The Company acquired its partner's 80% interest in the asset in Orange County, California, included above, valued at \$49.2 million in connection with the final dissolution of the Company's joint venture with the Coventry II Fund in exchange for the Company's transfer of its interest in the remaining 21 joint venture assets. The Company recorded a Gain on Change in Control of Interests of \$14.3 million related to the acquisition of the interest in this asset from the joint venture. Additionally, in 2015, the Company converted 1.0 million Operating Partnership Units into an equivalent number of DDR common shares in connection with the 2014 acquisition of an asset in Chicago, Illinois.

Dispositions

In 2016, the Company sold 33 shopping center properties, aggregating 7.3 million square feet, and land parcels, for an aggregate sales price of \$797.0 million. The Company recorded a net gain of \$73.4 million. The Company's unconsolidated joint ventures sold 17 shopping center properties, aggregating 1.4 million square feet, for an aggregate sales price of \$214.6 million, of which the Company's proportionate share of the gain was \$13.8 million.

In 2015, the Company sold 29 shopping center properties, aggregating 3.9 million square feet, plus non-income producing assets, for an aggregate sales price of \$495.5 million. The Company recorded a net gain of \$167.6 million. The Company's unconsolidated joint ventures sold 16 shopping center properties, excluding the asset in Orange County, California, aggregating 1.7 million square feet, for an aggregate sales price of \$289.7 million, of which the Company's proportionate share of the gain was approximately \$4.0 million.

Development and Redevelopments

The Company invested an aggregate of \$107.2 million and \$247.3 million in various development and redevelopment projects on a net basis, after deducting sales proceeds from outlot sales, during 2016 and 2015, respectively.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has a number of off-balance sheet joint ventures with varying economic structures. Through these interests, the Company has investments in operating properties and one development project. Such arrangements are generally with institutional investors located throughout the United States.

The Company's unconsolidated joint ventures had aggregate outstanding indebtedness to third parties of \$2.5 billion and \$3.0 billion at December 31, 2017 and 2016, respectively (see Item 7A. Quantitative and Qualitative Disclosures About Market Risk). Such mortgages are generally non-recourse to the Company and its partners; however, certain mortgages may have recourse to the Company and its partners in certain limited situations, such as misuse of funds and material misrepresentations.

CAPITALIZATION

At December 31, 2017, the Company's capitalization consisted of \$3.9 billion of debt, \$525.0 million of preferred shares and \$3.3 billion of market equity (market equity is defined as common shares and OP Units outstanding multiplied by \$8.96, the closing price of the Company's common shares on the New York Stock Exchange at December 29, 2017, the last trading day of 2017), resulting in a debt to total market capitalization ratio of 0.50 to 1.0, as compared to the ratios of 0.43 to 1.0 and 0.44 to 1.0 at December 31, 2016 and 2015, respectively. The closing prices of the common shares on the New York Stock Exchange were \$15.27 and \$16.84 at December 31, 2016 and 2015, respectively. At December 31, 2017 and 2016, the Company's total debt consisted of \$3.5 billion and \$3.9 billion of fixed-rate debt, respectively, and \$0.4 billion and \$0.6 billion of variable-rate debt, respectively. At December 31, 2016, variable-rate debt of \$76.9 million was effectively swapped to a fixed rate through the use of interest rate derivatives.

It is management's strategy to have access to the capital resources necessary to manage the Company's balance sheet and to repay upcoming maturities. Accordingly, the Company may seek to obtain funds through additional debt or equity financings and/or joint venture capital in a manner consistent with its intention to operate with a conservative debt capitalization policy and to reduce the Company's cost of capital by maintaining an investment grade rating with Moody's, S&P and Fitch Ratings, Inc. A security rating is not a recommendation to buy, sell or hold securities, as it may be subject to revision or withdrawal at any time by the rating organization. Each rating should be evaluated independently of any other rating. The Company may not be able to obtain financing on favorable terms, or at all, which may negatively affect future ratings.

The Company's credit facilities and the indentures under which the Company's senior and subordinated unsecured indebtedness are, or may be, issued contain certain financial and operating covenants, including, among other things, debt service coverage and fixed charge coverage ratios, as well as limitations on the Company's ability to incur secured and unsecured indebtedness, sell all or substantially all of the Company's assets, engage in mergers and certain acquisitions and make distribution to its shareholders. Although the Company intends to operate in compliance with these covenants, if the Company were to violate these covenants, the Company may be subject to higher finance costs and fees or accelerated maturities. In addition, certain of the Company's credit facilities and indentures permit the acceleration of maturity in the event certain other debt of the Company has been accelerated. Foreclosure on mortgaged properties or an inability to refinance existing indebtedness would have a negative impact on the Company's financial condition and results of operations.

CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

The Company has debt obligations relating to its Revolving Credit Facilities, term loan, fixed-rate senior notes and mortgages payable with maturities up to 10 years. In addition, the Company has non-cancelable operating leases, principally for office space and ground leases.

These obligations are summarized as follows for the subsequent five years ending December 31 (in millions):

Contractual Obligations	Total	Less than 1 year	1–3 years	3–5 years	More than 5 years
Debt	\$ 3,867.6	\$ 298.9	\$ 530.0	\$ 846.9	\$ 2,191.8
Interest payments ^(A)	834.3	151.9	264.1	208.2	210.1
Operating leases	134.3	3.9	6.6	6.1	117.7
Total	<u>\$ 4,836.2</u>	<u>\$ 454.7</u>	<u>\$ 800.7</u>	<u>\$ 1,061.2</u>	<u>\$ 2,519.6</u>

(A) Represents interest payments expected to be incurred on the Company's consolidated debt obligations as of December 31, 2017, including capitalized interest. For variable-rate debt, the rate in effect at December 31, 2017, is assumed to remain in effect until the respective initial maturity date of each instrument.

As a result of the refinancings and repayments through February 16, 2018, as discussed in the Liquidity Section included earlier in this section, the scheduled principal payments of the Revolving Credit Facilities and unsecured and secured indebtedness, excluding options, are as follows (in thousands):

Year	Amount
2018	\$ 226,036
2019	97,241
2020	41,684
2021 ^(A)	1,436,812
2022	453,942
Thereafter	1,653,466
Total indebtedness outstanding at face value	<u>\$ 3,909,181</u>

(A) Includes \$1.35 billion mortgage loan entered into in February 2018. (see Liquidity, Capital Resources and Financing Activities).

In conjunction with the development and redevelopment of shopping centers, the Company had entered into commitments with general contractors aggregating approximately \$19.3 million for its consolidated properties at December 31, 2017. These obligations, composed principally of construction contracts, are generally due within 12 to 24 months, as the related construction costs are incurred, and are expected to be financed through operating cash flow, new or existing construction loans, asset sales or borrowings under the Revolving Credit Facilities.

At December 31, 2017, the Company had letters of credit outstanding of \$17.3 million. The Company has not recorded any obligations associated with these letters of credit, the majority of which are collateral for existing indebtedness and other obligations of the Company.

The Company routinely enters into contracts for the maintenance of its properties. These contracts typically can be canceled upon 30 to 60 days' notice without penalty. At December 31, 2017, the Company had purchase order obligations, typically payable within one year, aggregating approximately \$4.0 million related to the maintenance of its properties and general and administrative expenses.

The Company has entered into employment contracts with its four executive officers. These contracts generally provide for base salary, bonuses based on factors including the financial performance of the Company and personal performance, participation in the Company's equity plans and retirement plans, health and welfare benefits and reimbursement of various qualified business expenses. These employment agreements also provide for certain perquisites (e.g., disability insurance coverage, car service, reimbursement of life insurance premiums, etc.) and severance payments and benefits for various departure scenarios. The employment agreements for the Company's President and Chief Executive Officer, Chief Operating Officer and Chief Financial Officer extend through March 1, 2021. The agreement for another senior executive officer extends through December 2018. All of the agreements are subject to cancellation by either the Company or the executive without cause upon at least 90 days' notice.

Hurricane Casualty Loss

In September 2017, Hurricane Irma made landfall in both Puerto Rico and Florida, and Hurricane Maria made landfall in Puerto Rico. The Company's Florida assets were minimally impacted by Hurricane Irma, with the majority of repair costs related to debris removal. However, the Company's 12 assets in Puerto Rico, aggregating 4.4 million square feet of Company-owned GLA, were significantly impacted. One of the 12 assets (Plaza Palma Real, consisting of approximately 0.4 million of Company-owned GLA) was severely damaged and is currently not operational, except for a few tenants representing a minimal amount of Company-owned GLA. The other 11 assets sustained varying degrees of damage, consisting primarily of roof, HVAC system and water intrusion. Although some tenant spaces are currently untenable, as of February 15, 2018, 85% of leased GLA was open for business, excluding Plaza Palma Real (76% including Plaza Palma Real).

Following the storm, the properties operated primarily on generator power. Grid power was restored to the Company's properties throughout the fourth quarter. By the end of January 2018, all 12 of the assets had full utility power. The Company has engaged various consultants to assist with the damage scoping assessment. The Company is working with its consultants to finalize the scope and schedule of work to be performed. Restoration work has started at certain other shopping centers, including Plaza Palma Real. The Company has completed debris removal and temporary repairs to mechanical systems and building interiors, as well as roof and exterior building repairs to prevent further water intrusion and related damages. The Company anticipates that the repairs will be substantially complete at eight of the 12 properties by the end of 2018. For the three largest properties, as well as Plaza Palma Real, the Company anticipates that repair work will be substantially complete by the end of the third quarter of 2019. The timing and schedule of additional repair work to be completed are highly dependent upon any changes in the scope of work, as well as the availability of building materials, supplies and skilled labor.

The Company maintains insurance on its assets in Puerto Rico with policy limits of approximately \$330 million for both property damage and business interruption. The Company's insurance policies are subject to various terms and conditions, including a combined property damage and business interruption deductible of approximately \$6.0 million. The Company estimates its aggregate casualty insurance claim will be in the range of \$150 million to \$175 million, which includes the costs to clean up, repair and rebuild, as well as lost revenue estimated through March 31, 2018. This estimate is subject to change as the Company continues to assess the costs to repair damage. This amount excludes casualty insurance proceeds due from certain continental-U.S.-based anchor tenants who maintain property insurance on their Company-owned premises and are expected to make the required repairs to their stores at their own expense. The Company's ability to repair its properties, and the cost of such repairs, could be negatively impacted by circumstances and events beyond the Company's control, such as access to building materials and changes in the scope of work to be performed. Therefore, there can be no assurance that the Company's estimates of property damage and lost rental revenue are accurate. The Company believes it maintains adequate insurance coverage on each of its properties and is working closely with the insurance carriers to obtain the maximum amount of insurance recovery provided under the policies. However, the Company can give no assurances as to the amounts of such claims, timing of payments and resolution of the claims. The Company received \$10.0

million toward the casualty insurance claim in December 2017.

The Company's business interruption insurance covers lost revenue through the period of property restoration and for up to 365 days following completion of restoration. For 2017, rental revenues of \$11.8 million were not recorded because of lost tenant revenue attributable to Hurricanes Irma and Maria that has been partially defrayed by insurance proceeds. The Company estimates the waiting period deductible for the business interruption claim to be \$0.9 million for the period ended December 31, 2017, which is included in the above \$11.8 million. The Company will record revenue for covered business interruption claims in the period it determines that it is probable it will be compensated. As such, there could be a delay between the rental period and the recording of revenue. The amount of any future lost revenue depends on when properties are fully available for tenants' re-occupancy which, in turn, is highly dependent upon the timing and progress of repairs. In the fourth quarter of 2017, the Company received insurance proceeds of \$8.5 million related to business interruption insurance claims, which is recorded on the Company's consolidated statement of operations as Business Interruption Income. The Company expects to make claims in future periods for lost revenue. However, there can be no assurance that insurance claims will be resolved favorably to the Company or in a timely manner.

See further discussion in Note 9, "Commitments and Contingencies," of the Company's consolidated financial statements included herein.

INFLATION

Most of the Company's long-term leases contain provisions designed to mitigate the adverse impact of inflation. Such provisions include clauses enabling the Company to receive additional rental income from escalation clauses that generally increase rental rates during the terms of the leases and/or percentage rentals based on tenants' gross sales. Such escalations are determined by negotiation, increases in the consumer price index or similar inflation indices. In addition, many of the Company's leases are for terms of less than 10 years, permitting the Company to seek increased rents at market rates upon renewal. Most of the Company's leases require the tenants to pay their share of operating expenses, including common area maintenance, real estate taxes, insurance and utilities, thereby reducing the Company's exposure to increases in costs and operating expenses resulting from inflation.

ECONOMIC CONDITIONS

Despite the recent tenant bankruptcies and increase in e-commerce, the Company continues to believe there is a retailer demand for quality locations within well-positioned shopping centers. Further, the Company continues to see demand from a broad range of retailers for its space, particularly in the off-price sector, which the Company believes is a reflection of the general outlook of consumers who are demanding more value for their dollars. Many of these retailers have store opening plans for 2018 and 2019. This is evidenced by the continued stable volume of leasing activity, which was approximately 7 million and 9 million square feet of space for new leases and renewals for the years ended December 31, 2017 and 2016, respectively. The Company also benefits from a diversified tenant base, with only two tenants whose annualized rental revenue equals or exceeds 3% of the Company's annualized consolidated revenues plus the Company's proportionate share of unconsolidated joint venture revenues (TJX Companies at 4.3% and Bed Bath & Beyond at 3.5%). Other significant tenants include Walmart, Target, Five Below, Dick's Sporting Goods, Ross Stores, Lowe's, Ulta and Publix, all of which have relatively strong credit ratings, remain well-capitalized and have outperformed other retail categories on a relative basis over time. In addition, several of the Company's big box tenants (Walmart, Dick's Sporting Goods, Best Buy and Target) have been adapting to an omni-channel retail environment, creating positive overall sales growth over the last few years. The Company believes these tenants will continue providing a stable revenue base for the foreseeable future, given the long-term nature of these leases. Moreover, the majority of the tenants in the Company's shopping centers provide day-to-day consumer necessities with a focus toward value and convenience, versus high-priced, discretionary luxury items, which the Company believes will enable many of its tenants to outperform even in a challenging economic environment.

The retail shopping sector continues to be affected by the competitive nature of the retail business, including the impact of internet shopping and the competition for market share, as well as general economic conditions, where stronger retailers have out-positioned some of the weaker retailers. These shifts can force some market share away from weaker retailers, which could require them to downsize and close stores and/or declare bankruptcy. In many cases, the loss of a weaker tenant or downsizing of space creates a value-add opportunity to re-lease space at higher rents to a stronger retailer. There can be no assurance that the loss of a tenant or downsizing of space will not adversely affect the Company in the future (see Item 1A. Risk Factors).

The Company believes that the quality of its shopping center portfolio is strong, as evidenced by the high historical occupancy rates and consistent growth in the average annualized base rent per occupied square foot. Historical occupancy has generally ranged from 92% to 96% since the Company's initial public offering in 1993. The shopping center portfolio occupancy was 91.1% and 93.3% at December 31, 2017 and 2016, respectively. The net decrease in occupancy in 2017 primarily was attributed to expiring anchor leases that were not renewed and tenant bankruptcies, as well as the impact of asset sales with rates that were slightly above the portfolio average occupancy. The total portfolio average annualized base rent per occupied square foot was \$15.77 at December 31, 2017, as compared to \$15.00 and \$14.48 at December 31, 2016 and December 31, 2015, respectively. The increase primarily was due to the sale of lower quality assets as well as continued lease up and renewal of the existing portfolio at positive rental spreads. Due

largely to a number of recent anchor tenant bankruptcies, the Company has had to invest a substantial amount of capital to re-lease those units, however, the per square foot cost to do so has been consistent with the Company's historical trends. The weighted-average cost of tenant improvements and lease commissions estimated to be incurred over the expected lease term for new leases executed during 2017 was \$4.76 per rentable square foot in 2017 as compared to \$4.77 per rentable square foot in 2016. The Company generally does not expend a significant amount of capital on lease renewals. The quality of the property revenue stream is high and consistent, as it is generally derived from retailers with good credit profiles under long-term leases, with very little reliance on overage rents generated by tenant sales performance. The Company recognizes the risks posed by the economy, but believes that the position of its portfolio and the general diversity and credit quality of its tenant base should enable it to successfully navigate through a potentially challenging retail environment.

At December 31, 2017, the Company owned 12 assets on the island of Puerto Rico aggregating 4.4 million square feet of Company-owned GLA. The Company sold two assets in Puerto Rico in 2017 for a gross sales price aggregating \$57.3 million. The remaining 12 owned assets represent 11.5% of the Company's total consolidated revenue and 11.5% of the Company's consolidated revenue less operating expenses (i.e., net operating income) for the year ended December 31, 2017. These assets account for 6.6% of Company-owned GLA, including the unconsolidated joint ventures at December 31, 2017. There is continued concern about the status of the Puerto Rican economy, the ability of the government of Puerto Rico to meet its financial obligations and the impact of any government default on the economy of Puerto Rico. As discussed above in "Contractual Obligations and Commitments," the impact of Hurricanes Irma and Maria has further exacerbated these concerns. The Company's assets experienced varying degrees of damage due to Hurricane Maria. The Company has been actively working with its insurer relating to both its property damage and business interruption claims. The Company believes that the tenants in these assets (many of which are U.S. retailers such as Walmart and TJX Companies) typically cater to the local consumer's desire for value and convenience and often provide consumers with day-to-day necessities and should withstand redevelopment pressures and reopen their locations in Puerto Rico. With respect to the Company's anchor spaces comprising greater than 25,000 square feet of GLA in Puerto Rico, 26 or 79% of such tenants, were open as of December 31, 2017, including six of seven Walmart stores, a Sam's Club, both Home Depot stores, all three Sears/Kmart stores and all five grocery stores (including Pueblo, Econo and Selectos Supermarket). In addition, as of February 15, 2018, the percentage of leased GLA in Puerto Rico that has reopened since the hurricane is 85%, excluding Plaza Palma Real. The Company further believes that these tenants represent a source of stable, high-quality cash flow for the Company's assets.

There can be no assurance that the hurricane relief efforts will be completed in a timely manner, or at all, or that the economic conditions in Puerto Rico will not deteriorate further, which could materially and negatively impact consumer spending and ultimately adversely affect the Company's assets in Puerto Rico or its ability to dispose of the properties on commercially reasonable terms, or at all (see Item 1A. Risk Factors). In December 2017, the Company announced its intention to spin off 50 assets into a separate, publicly-traded REIT that would include all 12 assets in Puerto Rico.

NEW ACCOUNTING STANDARDS

New Accounting Standards are more fully described in Note 1, "Summary of Significant Accounting Policies," of the Company's consolidated financial statements included herein.

FORWARD-LOOKING STATEMENTS

This Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Company's consolidated financial statements and the notes thereto appearing elsewhere in this report. Historical results and percentage relationships set forth in the Company's consolidated financial statements, including trends that might appear, should not be taken as indicative of future operations. The Company considers portions of this information to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, both as amended, with respect to the Company's expectations for future periods. Forward-looking statements include, without limitation, statements related to acquisitions (including any related pro forma financial information) and other business development activities, future capital expenditures, financing sources and availability and the effects of environmental and other regulations. Although the Company believes that the expectations reflected in these forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved. For this purpose, any statements contained herein that are not statements of historical fact should be deemed to be forward-looking statements. Without limiting the foregoing, the words "will," "believes," "anticipates," "plans," "expects," "seeks," "estimates" and similar expressions are intended to identify forward-looking statements. Readers should exercise caution in interpreting and relying on forward-looking statements because such statements involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond the Company's control and that could cause actual results to differ materially from those expressed or implied in the forward-looking statements and that could materially affect the Company's actual results, performance or achievements. For additional factors that could cause the results of the Company to differ materially from those indicated in the forward-looking statements (see Item 1A. Risk Factors).

Factors that could cause actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, but are not limited to, the following:

- The Company is subject to general risks affecting the real estate industry, including the need to enter into new leases or renew leases on favorable terms to generate rental revenues, and any economic downturn may adversely affect the ability of the Company's tenants, or new tenants, to enter into new leases or the ability of the Company's existing tenants to renew their leases at rates at least as favorable as their current rates;
- The Company could be adversely affected by changes in the local markets where its properties are located, as well as by adverse changes in national economic and market conditions;
- The Company may fail to anticipate the effects on its properties of changes in consumer buying practices, including sales over the Internet and the resulting retailing practices and space needs of its tenants, or a general downturn in its tenants' businesses, which may cause tenants to close stores or default in payment of rent;
- The Company is subject to competition for tenants from other owners of retail properties, and its tenants are subject to competition from other retailers and methods of distribution. The Company is dependent upon the successful operations and financial condition of its tenants, in particular its major tenants, and could be adversely affected by the bankruptcy of those tenants;
- The Company relies on major tenants, which makes it vulnerable to changes in the business and financial condition of, or demand for its space by, such tenants;
- The Company may not realize the intended benefits of acquisition or merger transactions. The acquired assets may not perform as well as the Company anticipated, or the Company may not successfully integrate the assets and realize improvements in occupancy and operating results. The acquisition of certain assets may subject the Company to liabilities, including environmental liabilities;
- The Company may fail to identify, acquire, construct or develop additional properties that produce a desired yield on invested capital, or may fail to effectively integrate acquisitions of properties or portfolios of properties. In addition, the Company may be limited in its acquisition opportunities due to competition, the inability to obtain financing on reasonable terms or any financing at all and other factors;
- The Company may fail to dispose of properties on favorable terms, especially in regions experiencing deteriorating economic conditions. In addition, real estate investments can be illiquid, particularly as prospective buyers may experience increased costs of financing or difficulties obtaining financing due to local or global conditions, and could limit the Company's ability to promptly make changes to its portfolio to respond to economic and other conditions;
- The Company may fail to complete its previously announced spin-off of 50 properties in which case the retention of those assets could adversely affect the Company's performance and the market price of the Company's common shares;
- The Company may abandon a development or redevelopment opportunity after expending resources if it determines that the development opportunity is not feasible due to a variety of factors, including a lack of availability of construction financing on reasonable terms, the impact of the economic environment on prospective tenants' ability to enter into new leases or pay contractual rent, or the inability of the Company to obtain all necessary zoning and other required governmental permits and authorizations;
- The Company may not complete development or redevelopment projects on schedule as a result of various factors, many of which are beyond the Company's control, such as weather, labor conditions, governmental approvals, material shortages or general economic downturn, resulting in limited availability of capital, increased debt service expense and construction costs and decreases in revenue;
- The Company's financial condition may be affected by required debt service payments, the risk of default and restrictions on its ability to incur additional debt or to enter into certain transactions under its credit facilities and other documents governing its debt obligations. In addition, the Company may encounter difficulties in obtaining permanent financing or refinancing existing debt. Borrowings under the Company's Revolving Credit Facilities are subject to certain representations and warranties and customary events of default, including any event that has had or could reasonably be expected to have a material adverse effect on the Company's business or financial condition;
- Changes in interest rates could adversely affect the market price of the Company's common shares, as well as its performance and cash flow;

- Debt and/or equity financing necessary for the Company to continue to grow and operate its business may not be available or may not be available on favorable terms;
- Disruptions in the financial markets could affect the Company's ability to obtain financing on reasonable terms and have other adverse effects on the Company and the market price of the Company's common shares;
- The Company is subject to complex regulations related to its status as a REIT and would be adversely affected if it failed to qualify as a REIT;
- The Company must make distributions to shareholders to continue to qualify as a REIT, and if the Company must borrow funds to make distributions, those borrowings may not be available on favorable terms or at all;
- Joint venture investments may involve risks not otherwise present for investments made solely by the Company, including the possibility that a partner or co-venturer may become bankrupt, may at any time have interests or goals different from those of the Company and may take action contrary to the Company's instructions, requests, policies or objectives, including the Company's policy with respect to maintaining its qualification as a REIT. In addition, a partner or co-venturer may not have access to sufficient capital to satisfy its funding obligations to the joint venture. The partner could cause a default under the joint venture loan for reasons outside the Company's control. Furthermore, the Company could be required to reduce the carrying value of its equity investments if a loss in the carrying value of the investment is realized;
- The Company's decision to dispose of real estate assets, including undeveloped land and construction in progress, would change the holding period assumption in the undiscounted cash flow impairment analyses, which could result in material impairment losses and adversely affect the Company's financial results;
- The outcome of pending or future litigation, including litigation with tenants or joint venture partners, may adversely affect the Company's results of operations and financial condition;
- The Company may not realize anticipated returns from its real estate assets outside the continental United States (the Company owns 12 assets in Puerto Rico), which may carry risks in addition to those the Company faces with its continental U.S. properties and operations. To the extent the Company pursues opportunities that may subject the Company to different or greater risks than those associated with its operations in the continental U.S., including cultural and consumer differences and differences in applicable laws and political and economic environments, these risks could significantly increase and adversely affect its results of operations and financial condition;
- Property damage, expenses related thereto, and other business and economic consequences (including the potential loss of revenue) resulting from extreme weather conditions in locations where the Company owns properties;
- Sufficiency and timing of any insurance recovery payments related to damages and lost revenues from extreme weather conditions;
- The Company is subject to potential environmental liabilities;
- The Company may incur losses that are uninsured or exceed policy coverage due to its liability for certain injuries to persons, property or the environment occurring on its properties;
- The Company could incur additional expenses to comply with or respond to claims under the Americans with Disabilities Act or otherwise be adversely affected by changes in government regulations, including changes in environmental, zoning, tax and other regulations and
- The Company's Board of Directors, which regularly reviews the Company's business strategy and objectives, may change the Company's strategic plan based on a variety of factors and conditions, including in response to changing market conditions.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's primary market risk exposure is interest rate risk. The Company's debt, excluding unconsolidated joint venture debt, adjusted to reflect the \$76.9 million of variable-rate debt that LIBOR was swapped to at a fixed rate of 2.8% at December 31, 2016, is summarized as follows:

	December 31, 2017				December 31, 2016			
	Carrying Value (Millions)	Weighted-Average Maturity (Years)	Weighted-Average Interest Rate	Percentage of Total	Carrying Value (Millions)	Weighted-Average Maturity (Years)	Weighted-Average Interest Rate	Percentage of Total
Fixed-Rate Debt	\$ 3,451.2	5.6	4.2%	89.7%	\$ 3,869.5	4.5	4.9%	86.1%
Variable-Rate Debt	\$ 398.1	2.7	2.9%	10.3%	\$ 624.5	0.3	1.9%	13.9%

The Company's unconsolidated joint ventures' indebtedness at its carrying value, adjusted to reflect the \$42.0 million of variable-rate debt (\$2.1 million at the Company's proportionate share) that LIBOR was swapped to at a fixed rate of 1.9% at December 31, 2017 and 2016, is summarized as follows:

	December 31, 2017				December 31, 2016			
	Joint Venture Debt (Millions)	Company's Proportionate Share (Millions)	Weighted-Average Maturity (Years)	Weighted-Average Interest Rate	Joint Venture Debt (Millions)	Company's Proportionate Share (Millions)	Weighted-Average Maturity (Years)	Weighted-Average Interest Rate
Fixed-Rate Debt	\$ 953.6	\$ 154.6	5.3	4.2%	\$ 1,808.1	\$ 298.3	1.6	5.4%
Variable-Rate Debt	\$ 1,547.6	\$ 200.2	1.3	3.3%	\$ 1,226.3	\$ 114.6	1.9	2.6%

The Company intends to use retained cash flow, proceeds from asset sales, equity and debt financing and variable-rate indebtedness available under its Revolving Credit Facilities to repay indebtedness and fund capital expenditures of the Company's shopping centers. Thus, to the extent the Company incurs additional variable-rate indebtedness, its exposure to increases in interest rates in an inflationary period could increase. The Company does not believe, however, that increases in interest expense as a result of inflation will significantly impact the Company's distributable cash flow.

The interest rate risk on a portion of the Company's and its unconsolidated joint ventures' variable-rate debt described above has been mitigated through the use of interest rate swap agreements (the "Swaps") with major financial institutions. The Company is exposed to credit risk in the event of nonperformance by the counterparties to the Swaps. The Company believes it mitigates its credit risk by entering into Swaps with major financial institutions.

The carrying value and the fair value of the Company's fixed-rate debt is adjusted to (i) include the Swaps reflected in the carrying value and (ii) include the Company's proportionate share of the joint venture fixed-rate debt. An estimate of the effect of a 100 basis-point increase at December 31, 2017 and 2016, is summarized as follows (in millions):

	December 31, 2017			December 31, 2016		
	Carrying Value	Fair Value	100 Basis-Point Increase in Market Interest Rate	Carrying Value	Fair Value	100 Basis-Point Increase in Market Interest Rate
Company's fixed-rate debt	\$ 3,451.2	\$ 3,537.5	\$ 3,372.7	\$ 3,869.5	\$ 3,993.7	\$ 3,844.6
Company's proportionate share of joint venture fixed-rate debt	\$ 154.6	\$ 150.3	\$ 144.1	\$ 298.3	\$ 303.9	\$ 299.6

The sensitivity to changes in interest rates of the Company's fixed-rate debt was determined using a valuation model based upon factors that measure the net present value of such obligations that arise from the hypothetical estimate as discussed above.

Further, a 100 basis-point increase in short-term market interest rates on variable-rate debt at December 31, 2017, would result in an increase in interest expense of approximately \$4.0 million for the Company and \$2.0 million representing the Company's proportionate share of the joint ventures' interest expense relating to variable-rate debt outstanding for the 12-month period ended December 31, 2017. The estimated increase in interest expense for the year does not give effect to possible changes in the daily balance of the Company's or joint ventures' outstanding variable-rate debt.

The Company and its joint ventures intend to continually monitor and actively manage interest costs on their variable-rate debt portfolio and may enter into swap positions based on market fluctuations. In addition, the Company believes it has the ability to obtain funds through additional equity and/or debt offerings and joint venture capital. Accordingly, the cost of obtaining such protection agreements versus the Company's access to capital markets will continue to be evaluated. The Company has not entered, and does not plan to enter, into any derivative financial instruments for trading or speculative purposes. As of December 31, 2017, the Company had no other material exposure to market risk.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The response to this item is included in a separate section at the end of this Annual Report on Form 10-K beginning on page F-1 and is incorporated herein by reference thereto.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, with the participation of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), conducted an evaluation, pursuant to Securities Exchange Act of 1934 Rules 13a-15(b) and 15d-15(b), of the effectiveness of our disclosure controls and procedures. Based on their evaluation as required, the CEO and CFO have concluded that the Company's disclosure controls and procedures (as defined in Securities Exchange Act Rules 13a-15(e) and 15d-15(e)) were effective as of December 31, 2017, to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and were effective as of December 31, 2017, to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act is accumulated and communicated to the Company's management, including its CEO and CFO, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Securities Exchange Act Rule 13a-15(f) or 15d-15(f). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Management assessed the effectiveness of its internal control over financial reporting based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013). Based on those criteria, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2017.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2017, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm as stated in their report which appears herein and is incorporated in this Item 9A. by reference thereto.

Changes in Internal Control over Financial Reporting

During the three months ended December 31, 2017, there were no changes in the Company's internal control over financial reporting that materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The Company's Board of Directors has adopted the following corporate governance documents:

- Corporate Governance Guidelines that guide the Board of Directors in the performance of its responsibilities to serve the best interests of the Company and its shareholders;
- Written charters of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee;
- Code of Ethics for Senior Financial Officers that applies to the Company's senior financial officers, including the chief executive officer, chief financial officer, chief accounting officer, controllers, treasurer and chief internal auditor, if any, of the Company (amendments to, or waivers from, the Code of Ethics for Senior Financial Officers will be disclosed on the Company's website) and
- Code of Business Conduct and Ethics that governs the actions and working relationships of the Company's employees, officers and directors with current and potential customers, consumers, fellow employees, competitors, government and self-regulatory agencies, investors, the public, the media and anyone else with whom the Company has or may have contact.

Copies of the Company's corporate governance documents are available on the Company's website, www.ddr.com, under "Investors—Governance."

Certain other information required by this Item 10 is incorporated herein by reference to the information under the headings "Proposal One: Election of Directors—Nominees for Election at the Annual Meeting," "Board Governance" and "Corporate Governance and Other Matters—Section 16(a) Beneficial Ownership Reporting Compliance," contained in the Company's Proxy Statement for the Company's 2018 annual meeting of shareholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A ("2018 Proxy Statement"), and the information under the heading "Executive Officers of the Registrant" in Part I of this Annual Report on Form 10-K.

Item 11. EXECUTIVE COMPENSATION

Information required by this Item 11 is incorporated herein by reference to the information under the headings "Board Governance—Compensation of Directors," "Executive Compensation Tables and Related Disclosure," "Compensation Discussion and Analysis" and "Proposal Five: Shareholder Advisory Vote to Approve the Compensation of the Company's Named Executive Officers—Compensation Committee Report" and "—Compensation Committee Interlocks and Insider Participation" contained in the Company's 2018 Proxy Statement.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Certain information required by this Item 12 is incorporated herein by reference to the “Board Governance—Security Ownership of Directors and Management” and “Corporate Governance and Other Matters—Security Ownership of Certain Beneficial Owners” sections of the Company’s 2018 Proxy Statement. The following table sets forth the number of securities issued and outstanding under the existing plans, as of December 31, 2017, as well as the weighted-average exercise price of outstanding options.

EQUITY COMPENSATION PLAN INFORMATION

Plan category	(a)	(b)	(c)
	Number of Securities to Be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders ⁽¹⁾	1,176,807 ⁽²⁾	\$ 17.11	—
Equity compensation plans not approved by security holders	—	—	N/A
Total	1,176,807	\$ 17.11	—

(1) Includes the Company’s 2002 Equity-Based Award Plan, 2004 Equity-Based Award Plan, 2008 Equity-Based Award Plan and 2012 Equity-Based Award Plan.

(2) Does not include 56,090 shares of restricted stock, as these shares have been reflected in the Company’s total shares outstanding, or 587,106 restricted stock units that will be issued upon vesting.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this Item 13 is incorporated herein by reference to the “Proposal One: Election of Directors—Independent Directors” and “Corporate Governance and Other Matters—Policy Regarding Related Party Transactions” and “Proposal One: Election of Directors—Transactions with the Otto Family” sections of the Company’s 2018 Proxy Statement.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Incorporated herein by reference to the “Proposal Three: Ratification of PricewaterhouseCoopers LLP as Our Independent Registered Public Accounting Firm—Fees Paid to PricewaterhouseCoopers LLP” section of the Company’s 2018 Proxy Statement.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

a) 1. Financial Statements

The following documents are filed as part of this report:

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets
Consolidated Statements of Operations
Consolidated Statements of Comprehensive (Loss) Income
Consolidated Statements of Equity
Consolidated Statements of Cash Flows
Notes to Consolidated Financial Statements

2. Financial Statement Schedules

The following financial statement schedules are filed herewith as part of this Annual Report on Form 10-K and should be read in conjunction with the consolidated financial statements of the registrant:

Schedule

II — Valuation and Qualifying Accounts and Reserves
III — Real Estate and Accumulated Depreciation
IV — Mortgage Loans on Real Estate

Schedules not listed above have been omitted because they are not applicable or because the information required to be set forth therein is included in the Company's consolidated financial statements or notes thereto.

Financial statements of the Company's unconsolidated joint venture companies, except for DDR – SAU Retail Fund LLC, have been omitted because they do not meet the significant subsidiary definition of Rule 1-02(w) of Regulation S-X.

Exhibits — The following exhibits are filed as part of, or incorporated by reference into, this report:

Exhibit No. Under Reg. S-K Item 601	Form 10-K Exhibit No.	Description	Filed or Furnished Herewith or Incorporated Herein by Reference
3	3.1	Third Amended and Restated Articles of Incorporation of the Company, as amended effective June 1, 2017	Submitted electronically herewith
3	3.2	Amended and Restated Code of Regulations of the Company	Current Report on Form 8-K (Filed with the SEC on September 13, 2013; File No. 001-11690)
4	4.1	Specimen Certificate for Common Shares	Annual Report on Form 10-K (Filed with the SEC on February 28, 2012; File No. 001-11690)
4	4.2	Specimen Certificate for 6.375% Class A Cumulative Redeemable Preferred Shares	Registration Statement on Form 8-A (Filed with the SEC on June 2, 2017; File No. 001-11690)
4	4.3	Deposit Agreement, dated as of June 5, 2017, among the Company, Computershare Inc. and its wholly owned subsidiary, Computershare Trust Company, N.A., jointly as Depositary, and all holders from time to time of depositary shares	Current Report on Form 8-K (Filed with the SEC on June 5, 2017; File No. 001-11690)

Exhibit No. Under Reg. S-K Item 601	Form 10-K Exhibit No.	Description	Filed or Furnished Herewith or Incorporated Herein by Reference
4	4.4	Specimen Certificate for 6.50% Class J Cumulative Redeemable Preferred Shares	Registration Statement on Form 8-A (Filed with the SEC August 1, 2012; File No. 001-11690)
4	4.5	Deposit Agreement, dated as of August 1, 2012, among the Company and Computershare Shareowner Services LLC, as Depositary, and all holders from time to time of depositary shares relating to the Depositary Shares Representing 6.50% Class J Cumulative Redeemable Preferred Shares (including Specimen Certificate for Depositary Shares)	Current Report on Form 8-K (Filed with the SEC on August 1, 2012; File No. 001-11690)
4	4.6	Specimen Certificate for 6.250% Class K Cumulative Redeemable Preferred Shares	Registration Statement on Form 8-A (Filed with the SEC April 8, 2013; File No. 001-11690)
4	4.7	Deposit Agreement, dated as of April 9, 2013, among the Company and Computershare Shareowner Services LLC, as Depositary, and all holders from time to time of depositary shares relating to the Depositary Shares Representing 6.250% Class K Cumulative Redeemable Preferred Shares (including Specimen Certificate for Depositary Shares)	Current Report on Form 8-K (Filed with the SEC on April 9, 2013; File No. 001-11690)
4	4.8	Indenture, dated as of May 1, 1994, by and between the Company and The Bank of New York (as successor to JP Morgan Chase Bank, N.A., successor to Chemical Bank), as Trustee	Form S-3 Registration No. 333-108361 (Filed with the SEC on August 29, 2003)
4	4.9	Indenture, dated as of May 1, 1994, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (as successor to National City Bank)), as Trustee	Form S-3 Registration No. 333-108361 (Filed with the SEC on August 29, 2003)
4	4.10	First Supplemental Indenture, dated as of May 10, 1995, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Form S-3 Registration No. 333-108361 (Filed with the SEC on August 29, 2003)
4	4.11	Second Supplemental Indenture, dated as of July 18, 2003, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Form S-3 Registration No. 333-108361 (Filed with the SEC on August 29, 2003)
4	4.12	Third Supplemental Indenture, dated as of January 23, 2004, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Form S-4 Registration No. 333-117034 (Filed with the SEC on June 30, 2004)

Exhibit No. Under Reg. S-K Item 601	Form 10-K Exhibit No.	Description	Filed or Furnished Herewith or Incorporated Herein by Reference
4	4.13	Fourth Supplemental Indenture, dated as of April 22, 2004, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Form S-4 Registration No. 333-117034 (Filed with the SEC on June 30, 2004)
4	4.14	Fifth Supplemental Indenture, dated as of April 28, 2005, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Annual Report on Form 10-K (Filed with the SEC on February 21, 2007; File No. 001-11690)
4	4.15	Sixth Supplemental Indenture, dated as of October 7, 2005, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Annual Report on Form 10-K (Filed with the SEC on February 21, 2007; File No. 001-11690)
4	4.16	Seventh Supplemental Indenture, dated as of August 28, 2006, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Current Report on Form 8-K (Filed with the SEC on September 1, 2006; File No. 001-11690)
4	4.17	Eighth Supplemental Indenture, dated as of March 13, 2007, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Current Report on Form 8-K (Filed with the SEC on March 16, 2007; File No. 001-11690)
4	4.18	Ninth Supplemental Indenture, dated as of September 30, 2009, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Form S-3 Registration No. 333-162451 (Filed on October 13, 2009)
4	4.19	Tenth Supplemental Indenture, dated as of March 19, 2010, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Quarterly Report on Form 10-Q (Filed with the SEC on May 7, 2010; File No. 001-11690)
4	4.20	Eleventh Supplemental Indenture, dated as of August 12, 2010, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Quarterly Report on Form 10-Q (Filed with the SEC on November 8, 2010; File No. 001-11690)
4	4.21	Twelfth Supplemental Indenture, dated as of November 5, 2010, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee	Annual Report on Form 10-K (Filed with the SEC on February 28, 2011; File No. 001-11690)

Exhibit No. Under Reg. S-K Item 601	Form 10-K Exhibit No.	Description	Filed or Furnished Herewith or Incorporated Herein by Reference
4	4.22	<u>Thirteenth Supplemental Indenture, dated as of March 7, 2011, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee</u>	Quarterly Report on Form 10-Q (Filed with the SEC on May 9, 2011; File No. 001-11690)
4	4.23	<u>Fourteenth Supplemental Indenture, dated as of June 22, 2012, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee</u>	Form S-3 Registration No. 333-184221 (Filed with the SEC on October 1, 2012)
4	4.24	<u>Fifteenth Supplemental Indenture, dated as of November 27, 2012, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee</u>	Annual Report on Form 10-K (Filed with the SEC on March 1, 2013; File No. 001-11690)
4	4.25	<u>Sixteenth Supplemental Indenture, dated as of May 23, 2013, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee</u>	Quarterly Report on Form 10-Q (Filed with the SEC on August 8, 2013; File No. 001-11690)
4	4.26	<u>Seventeenth Supplemental Indenture, dated as of November 26, 2013, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (successor to National City Bank)), as Trustee</u>	Annual Report on Form 10-K (Filed with the SEC on February 28, 2014; File No. 001-11690)
4	4.27	<u>Eighteenth Supplemental Indenture, dated as of January 22, 2015, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (as successor to National City Bank))</u>	Current Report on Form 8-K (Filed with the SEC on January 22, 2015; File No. 001-11690)
4	4.28	<u>Nineteenth Supplemental Indenture, dated as of October 21, 2015, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (as successor to National City Bank))</u>	Current Report on Form 8-K (Filed with the SEC on October 21, 2015; File No. 001-11690)
4	4.29	<u>Twentieth Supplemental Indenture, dated as of May 26, 2017, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (as successor to National City Bank))</u>	Current Report on Form 8-K (Filed with the SEC on May 26, 2017; File No. 001-11690)
4	4.30	<u>Twenty-first Supplemental Indenture, dated as of August 16, 2017, by and between the Company and U.S. Bank National Association (as successor to U.S. Bank Trust National Association (as successor to National City Bank))</u>	Current Report on Form 8-K (Filed with the SEC on August 16, 2017; File No. 001-11690)

Exhibit No. Under Reg. S-K Item 601	Form 10-K Exhibit No.	Description	Filed or Furnished Herewith or Incorporated Herein by Reference
4	4.31	Form of Fixed Rate Senior Medium-Term Note	Annual Report on Form 10-K (Filed with the SEC on March 30, 2000; File No. 001-11690)
4	4.32	Form of Fixed Rate Subordinated Medium-Term Note	Annual Report on Form 10-K (Filed with the SEC on March 30, 2000; File No. 001-11690)
4	4.33	Form of Floating Rate Subordinated Medium-Term Note	Annual Report on Form 10-K (Filed with the SEC on March 30, 2000; File No. 001-11690)
4	4.34	Second Amended and Restated Credit Agreement, dated as of September 13, 2017, among DDR Corp., DDR PR Ventures LLC, S.E., the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent	Current Report on 8-K (Filed with the SEC on September 14, 2017; File No. 001-11690)
4	4.35	Second Amended and Restated Secured Term Loan Agreement, dated June 28, 2011, by and among the Company, DDR PR Ventures LLC, S.E., KeyBank National Association, as Administrative Agent, and the other several banks, financial institutions and other entities from time to time parties to such loan agreement	Current Report on 8-K (Filed with the SEC on July 1, 2011; File No. 001-11690)
4	4.36	First Amendment to the Second Amended and Restated Secured Term Loan Agreement, dated January 17, 2013, by and among the Company, DDR PR Ventures LLC, S.E., KeyBank National Association, as Administrative Agent, and the other several banks, financial institutions and other entities from time to time parties to such loan agreement	Current Report on Form 8-K (Filed with the SEC on January 18, 2013; File No. 001-11690)
4	4.37	Second Amendment to Second Amended and Restated Secured Term Loan Agreement, dated April 23, 2015, among DDR Corp., the lenders party thereto and KeyBank National Association, as Administrative Agent	Current Report on Form 8-K (Filed with the SEC on April 28, 2015; File No. 001-11690)
4	4.38	Third Amendment to Second Amended and Restated Secured Term Loan Agreement, dated March 30, 2017, among DDR Corp., the lenders party thereto and KeyBank National Association, as Administrative Agent	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2017; File No. 001-11690)
10	10.1	Directors' Deferred Compensation Plan (Amended and Restated as of November 8, 2000)*	Form S-8 Registration No. 333-147270 (Filed with the SEC on November 9, 2007)
10	10.2	DDR Corp. 2005 Directors' Deferred Compensation Plan (January 1, 2012 Restatement)*	Annual Report on Form 10-K (Filed with the SEC on February 28, 2012; File No. 001-11690)
10	10.3	First Amendment to the DDR Corp. 2005 Directors' Deferred Compensation Plan (effective November 30, 2012)*	Annual Report on Form 10-K (Filed with the SEC on March 1, 2013; File No. 001-11690)
10	10.4	Elective Deferred Compensation Plan (Amended and Restated as of January 1, 2004)*	Annual Report on Form 10-K (Filed with the SEC on March 15, 2004; File No. 001-11690)

Exhibit No. Under Reg. S-K Item 601	Form 10-K Exhibit No.	Description	Filed or Furnished Herewith or Incorporated Herein by Reference
10	10.5	Developers Diversified Realty Corporation Equity Deferred Compensation Plan, restated as of January 1, 2009*	Annual Report on Form 10-K (Filed with the SEC on February 27, 2009; File No. 001-11690)
10	10.6	Amended and Restated 2004 Developers Diversified Realty Corporation Equity-Based Award Plan (Amended and Restated as of December 31, 2009)*	Annual Report on Form 10-K (Filed with the SEC on February 26, 2010; File No. 001-11690)
10	10.7	Amended and Restated 2008 Developers Diversified Realty Corporation Equity-Based Award Plan (Amended and Restated as of June 25, 2009)*	Quarterly Report on Form 10-Q (Filed with the SEC August 7, 2009; File No. 001-11690)
10	10.8	2012 Equity and Incentive Compensation Plan*	Form S-8 Registration No. 333-181422 (Filed with the SEC on May 15, 2012)
10	10.9	Form of Restricted Shares Agreement*	Quarterly Report on Form 10-Q (Filed with the SEC May 10, 2013; File No. 001-11690)
10	10.10	Form of Restricted Share Units Award Memorandum*	Quarterly Report on Form 10-Q (Filed with the SEC May 4, 2016; File No. 001-11690)
10	10.11	Restricted Share Units Award Memorandum to Thomas F. August*	Annual Report on Form 10-K (Filed with the SEC on February 21, 2017; File No. 001-11690)
10	10.12	Form of Restricted Share Units Award Memorandum*	Annual Report on Form 10-K (Filed with the SEC on February 21, 2017; File No. 001-11690)
10	10.13	Form of Restricted Share Units Award Memorandum – CEO & CFO*	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2017; File No. 001-11690)
10	10.14	Form of Restricted Share Units Award Memorandum – COO*	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2017; File No. 001-11690)
10	10.15	Form of Performance-Based Restricted Share Units/Performance Shares Agreement*	Quarterly Report on Form 10-Q (Filed with the SEC August 2, 2016; File No. 001-11690)
10	10.16	Performance-Based Restricted Share Units/Performance Shares Agreement to Thomas F. August*	Annual Report on Form 10-K (Filed with the SEC on February 21, 2017; File No. 001-11690)
10	10.17	Form of Performance Shares Award Memorandum – CEO & CFO*	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2017; File No. 001-11690)
10	10.18	Form of Performance Shares Award Memorandum – COO*	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2017; File No. 001-11690)
10	10.19	Form of Performance-Based Restricted Share Units Award Memorandum – CEO & CFO*	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2017; File No. 001-11690)
10	10.20	Form of Performance-Based Restricted Share Units Award Memorandum – COO*	Quarterly Report on Form 10-Q (Filed with the SEC on May 4, 2017; File No. 001-11690)
10	10.21	Form Non-Qualified Stock Option Agreement*	Quarterly Report on Form 10-Q (Filed with the SEC May 9, 2012; File No. 001-11690)

Exhibit No. Under Reg. S-K Item 601	Form 10-K Exhibit No.	Description	Filed or Furnished Herewith or Incorporated Herein by Reference
10	10.22	Form Non-Qualified Stock Option Agreement*	Quarterly Report on Form 10-Q (Filed with the SEC May 10, 2013; File No. 001-11690)
10	10.23	Form of Incentive Stock Option Agreement*	Quarterly Report on Form 10-Q (Filed with the SEC May 9, 2012; File No. 001-11690)
10	10.24	Form of Incentive Stock Option Agreement*	Quarterly Report on Form 10-Q (Filed with the SEC May 10, 2013; File No. 001-11690)
10	10.25	Form of Stock Option Award Memorandum*	Quarterly Report on Form 10-Q (Filed with the SEC May 4, 2016; File No. 001-11690)
10	10.26	2013 Value Sharing Equity Program*	Annual Report on Form 10-K (Filed with the SEC on March 1, 2013; File No. 001-11690)
10	10.27	Form of 2013 Value Sharing Equity Program Award Agreement*	Quarterly Report on Form 10-Q (Filed with the SEC May 10, 2013; File No. 001-11690)
10	10.28	2016 Value Sharing Equity Program*	Annual Report on Form 10-K (Filed with the SEC on February 24, 2016; File No. 001-11690)
10	10.29	Employment Agreement, dated December 1, 2016, by and between DDR Corp. and Thomas F. August*	Annual Report on Form 10-K (Filed with the SEC on February 21, 2017; File No. 001-11690)
10	10.30	Employment Agreement, dated as of May 20, 2016, by and between DDR Corp. and David J. Oakes*	Quarterly Report on Form 10-Q (Filed with the SEC on August 2, 2016; File No. 001-11690)
10	10.31	Employment Agreement, dated as of March 2, 2017, by and between DDR Corp. and David R. Lukes*	Current Report on Form 8-K (Filed with the SEC on March 6, 2017; File No. 001-11690)
10	10.32	Employment Agreement, dated as of March 2, 2017, by and between DDR Corp. and Michael A. Makinen*	Current Report on Form 8-K (Filed with the SEC on March 6, 2017; File No. 001-11690)
10	10.33	Employment Agreement, dated as of March 2, 2017, by and between DDR Corp. and Matthew L. Ostrower*	Current Report on Form 8-K (Filed with the SEC on March 6, 2017; File No. 001-11690)
10	10.34	Employment Agreement, dated December 1, 2016, by and between DDR Corp. and Christa A. Veszy*	Annual Report on Form 10-K (Filed with the SEC on February 21, 2017; File No. 001-11690)
10	10.35	Employment Agreement, dated December 13, 2016, by and between DDR Corp. and William T. Ross*	Annual Report on Form 10-K (Filed with the SEC on February 21, 2017; File No. 001-11690)
10	10.36	Employment Agreement, dated July 11, 2016, by and between DDR Corp. and Vincent A. Corno*	Annual Report on Form 10-K (Filed with the SEC on February 21, 2017; File No. 001-11690)
10	10.37	Form of Special Bonus Award, dated December 1, 2016*	Annual Report on Form 10-K (Filed with the SEC on February 21, 2017; File No. 001-11690)
10	10.38	Form of Change in Control Agreement, entered into with certain officers of the Company*	Annual Report on Form 10-K (Filed with the SEC on February 27, 2009; File No. 001-11690)
10	10.39	Form of Director and Officer Indemnification Agreement*	Quarterly Report on Form 10-Q (Filed with the SEC on November 8, 2011; File No. 001-11690)

Exhibit No. Under Reg. S-K Item 601	Form 10-K Exhibit No.	Description	Filed or Furnished Herewith or Incorporated Herein by Reference
10	10.40	Form of Indemnification Agreement*	Current Report on Form 8-K (Filed with the SEC on November 13, 2017; File No. 001-11690)
10	10.41	Program Agreement for Retail Value Investment Program, dated February 11, 1998, by and among Retail Value Management, Ltd., the Company and The Prudential Insurance Company of America	Annual Report on Form 10-K (Filed with the SEC on March 15, 2004; File No. 001-11690)
10	10.42	Investors' Rights Agreement, dated as of May 11, 2009, by and between the Company and Alexander Otto	Current Report on Form 8-K (Filed with the SEC on May 11, 2009; File No. 001-11690)
10	10.43	Waiver Agreement, dated as of May 11, 2009, by and between the Company and Alexander Otto	Current Report on Form 8-K (Filed with the SEC on May 11, 2009; File No. 001-11690)
21	21.1	List of Subsidiaries	Submitted electronically herewith
23	23.1	Consent of PricewaterhouseCoopers LLP	Submitted electronically herewith
23	23.2	Consent of PricewaterhouseCoopers LLP	Submitted electronically herewith
31	31.1	Certification of principal executive officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934	Submitted electronically herewith
31	31.2	Certification of principal financial officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934	Submitted electronically herewith
32	32.1	Certification of chief executive officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350	Submitted electronically herewith
32	32.2	Certification of chief financial officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350	Submitted electronically herewith
99	99.1	DDR – SAU Retail Fund, LLC Consolidated Financial Statements	Submitted electronically herewith
101	101.INS	XBRL Instance Document	Submitted electronically herewith
101	101.SCH	XBRL Taxonomy Extension Schema Document	Submitted electronically herewith
101	101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Submitted electronically herewith
101	101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Submitted electronically herewith
101	101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Submitted electronically herewith
101	101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Submitted electronically herewith

* Management contracts and compensatory plans or arrangements required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.

Item 16. FORM 10-K SUMMARY

None.

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All other schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

Financial statements of the Company's unconsolidated joint venture companies, except for DDR – SAU Retail Fund LLC, have been omitted because they do not meet the significant subsidiary definition of S-X 210.1-02(w).

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of DDR Corp.:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of DDR Corp. and its subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of operations, of comprehensive (loss) income, of equity, and of cash flows for each of the three years in the period ended December 31, 2017, including the related notes and financial statement schedules listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Cleveland, Ohio
February 26, 2018

We have served as the Company's auditor since 1992.

CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	December 31,	
	2017	2016
Assets		
Land	\$ 1,738,792	\$ 1,990,406
Buildings	5,733,451	6,412,532
Fixtures and tenant improvements	693,280	735,685
	8,165,523	9,138,623
Less: Accumulated depreciation	(1,953,479)	(1,996,176)
	6,212,044	7,142,447
Construction in progress and land	82,480	105,435
Total real estate assets, net	6,294,524	7,247,882
Investments in and advances to joint ventures, net	383,813	454,131
Cash and cash equivalents	92,611	30,430
Restricted cash	2,113	8,795
Accounts receivable, net	108,695	121,367
Casualty insurance receivable	58,583	—
Notes receivable, net	19,675	49,503
Other assets, net	210,059	285,410
	<u>\$ 7,170,073</u>	<u>\$ 8,197,518</u>
Liabilities and Equity		
Unsecured indebtedness:		
Senior notes	\$ 2,810,100	\$ 2,913,217
Unsecured term loan	398,130	398,399
Revolving credit facilities	—	—
	<u>3,208,230</u>	<u>3,311,616</u>
Secured indebtedness:		
Secured term loan	—	199,843
Mortgage indebtedness	641,082	982,509
	<u>641,082</u>	<u>1,182,352</u>
Total indebtedness	3,849,312	4,493,968
Accounts payable and other liabilities	344,774	382,293
Dividends payable	78,549	75,245
Total liabilities	<u>4,272,635</u>	<u>4,951,506</u>
Commitments and contingencies (Note 9)		
DDR Equity		
Class A—6.375% cumulative redeemable preferred shares, without par value, \$500 liquidation value; 750,000 shares authorized; 350,000 shares issued and outstanding at December 31, 2017	175,000	—
Class J—6.5% cumulative redeemable preferred shares, without par value, \$500 liquidation value; 750,000 shares authorized; 400,000 shares issued and outstanding at December 31, 2017 and December 31, 2016	200,000	200,000
Class K—6.25% cumulative redeemable preferred shares, without par value, \$500 liquidation value; 750,000 shares authorized; 300,000 shares issued and outstanding at December 31, 2017 and December 31, 2016	150,000	150,000
Common shares, with par value, \$0.10 stated value; 600,000,000 shares authorized; 368,512,410 and 366,298,335 shares issued at December 31, 2017 and December 31, 2016, respectively	36,851	36,630
Additional paid-in capital	5,513,197	5,487,212
Accumulated distributions in excess of net income	(3,183,134)	(2,632,327)
Deferred compensation obligation	8,777	15,149
Accumulated other comprehensive loss	(1,106)	(4,192)
Less: Common shares in treasury at cost: 612,629 and 947,893 shares at December 31, 2017 and December 31, 2016, respectively	(8,653)	(14,957)
Total DDR shareholders' equity	<u>2,890,932</u>	<u>3,237,515</u>
Non-controlling interests	6,506	8,497
Total equity	<u>\$ 2,897,438</u>	<u>\$ 3,246,012</u>
	<u>\$ 7,170,073</u>	<u>\$ 8,197,518</u>

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	For the Year Ended December 31,		
	2017	2016	2015
Revenues from operations:			
Minimum rents	\$ 632,917	\$ 701,208	\$ 719,737
Percentage and overage rents	7,094	7,610	6,267
Recoveries from tenants	211,942	238,419	246,719
Fee and other income	61,135	58,568	55,348
Business interruption income	8,500	—	—
	<u>921,588</u>	<u>1,005,805</u>	<u>1,028,071</u>
Rental operation expenses:			
Operating and maintenance	122,315	134,297	147,418
Real estate taxes	128,602	142,787	146,275
Impairment charges	340,480	110,906	279,021
Hurricane casualty and impairment loss	5,930	—	—
General and administrative	89,854	76,101	73,382
Depreciation and amortization	346,204	389,519	402,045
	<u>1,033,385</u>	<u>853,610</u>	<u>1,048,141</u>
Other income (expense):			
Interest income	28,364	37,054	29,213
Interest expense	(188,647)	(217,589)	(241,727)
Other income (expense), net	(68,003)	3,322	(1,739)
	<u>(228,286)</u>	<u>(177,213)</u>	<u>(214,253)</u>
Loss before earnings from equity method investments and other items	(340,083)	(25,018)	(234,323)
Equity in net income (loss) of joint ventures	8,837	15,699	(3,135)
Reserve of preferred equity interests	(61,000)	—	—
Impairment of joint venture investments	—	—	(1,909)
Gain (loss) on sale and change in control of interests, net	368	(1,087)	7,772
Loss before tax expense	(391,878)	(10,406)	(231,595)
Tax expense of taxable REIT subsidiaries and state franchise and income taxes	(12,418)	(1,781)	(6,286)
Loss from continuing operations	(404,296)	(12,187)	(237,881)
Gain on disposition of real estate, net	161,164	73,386	167,571
Net (loss) income	<u>\$ (243,132)</u>	<u>\$ 61,199</u>	<u>\$ (70,310)</u>
Loss (income) attributable to non-controlling interests, net	1,447	(1,187)	(1,858)
Net (loss) income attributable to DDR	<u>\$ (241,685)</u>	<u>\$ 60,012</u>	<u>\$ (72,168)</u>
Preferred dividends	(28,759)	(22,375)	(22,375)
Net (loss) income attributable to common shareholders	<u>\$ (270,444)</u>	<u>\$ 37,637</u>	<u>\$ (94,543)</u>
Per share data:			
Basic	\$ (0.74)	\$ 0.10	\$ (0.27)
Diluted	\$ (0.74)	\$ 0.10	\$ (0.27)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(In thousands)

	For the Year Ended December 31,		
	2017	2016	2015
Net (loss) income	\$ (243,132)	\$ 61,199	\$ (70,310)
Other comprehensive income:			
Foreign currency translation, net	1,547	31	(2,088)
Change in fair value of interest-rate contracts	1,002	1,491	1,203
Change in cash flow hedges reclassified to earnings	828	688	1,173
Total other comprehensive income	3,377	2,210	288
Comprehensive (loss) income	\$ (239,755)	\$ 63,409	\$ (70,022)
Comprehensive (loss) income attributable to non-controlling interests:			
Allocation of net loss (income)	1,447	(1,187)	(1,858)
Foreign currency translation, net	(291)	(119)	781
Total comprehensive loss (income) attributable to non-controlling interests	1,156	(1,306)	(1,077)
Total comprehensive (loss) income attributable to DDR	\$ (238,599)	\$ 62,103	\$ (71,099)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY
(In thousands)

DDR Equity

	Common Shares			Additional Paid-in Capital	Accumulated Distributions in Excess of Net Income	Deferred Compensation Obligation	Accumulated Other Comprehensive Loss	Treasury Stock at Cost	Non- Controlling Interests	Total
	Preferred Shares	Shares	Amounts							
Balance, December 31, 2014	\$ 350,000	360,711	\$ 36,071	\$ 5,438,778	\$ (2,047,212)	\$ 16,609	\$ (7,352)	\$ (16,646)	\$ 27,280	\$ 3,797,528
Issuance of common shares related to stock plans	—	435	44	7,214	—	—	—	130	—	7,388
Stock-based compensation, net	—	60	6	4,123	—	(1,072)	—	(78)	—	2,979
Issuance of common stock in settlement of conversion feature	—	3,043	304	(1,726)	—	—	—	1,278	—	(144)
Redemption of OP Units	—	1,043	104	18,122	—	—	—	—	(18,256)	(30)
Distributions to non-controlling interests	—	—	—	—	—	—	—	—	(1,817)	(1,817)
Dividends declared- common shares	—	—	—	—	(250,038)	—	—	—	—	(250,038)
Dividends declared- preferred shares	—	—	—	—	(22,375)	—	—	—	—	(22,375)
Comprehensive (loss) income	—	—	—	—	(72,168)	—	1,069	—	1,077	(70,022)
Balance, December 31, 2015	350,000	365,292	36,529	5,466,511	(2,391,793)	15,537	(6,283)	(15,316)	8,284	3,463,469
Issuance of common shares related to stock plans	—	1,006	101	14,747	—	—	—	1,592	—	16,440
Stock-based compensation, net	—	—	—	5,954	—	(388)	—	(1,233)	—	4,333
Distributions to non-controlling interests	—	—	—	—	—	—	—	—	(1,093)	(1,093)
Dividends declared- common shares	—	—	—	—	(278,171)	—	—	—	—	(278,171)
Dividends declared- preferred shares	—	—	—	—	(22,375)	—	—	—	—	(22,375)
Comprehensive income	—	—	—	—	60,012	—	2,091	—	1,306	63,409
Balance, December 31, 2016	350,000	366,298	36,630	5,487,212	(2,632,327)	15,149	(4,192)	(14,957)	8,497	3,246,012
Issuance of common shares related to stock plans	—	2,214	221	23,620	—	—	—	6,304	—	30,145
Issuance of preferred shares	175,000	—	—	(6,130)	—	—	—	—	—	168,870
Stock-based compensation, net	—	—	—	8,495	—	(6,372)	—	—	—	2,123
Distributions to non-controlling interests	—	—	—	—	—	—	—	—	(835)	(835)
Dividends declared- common shares	—	—	—	—	(279,930)	—	—	—	—	(279,930)
Dividends declared- preferred shares	—	—	—	—	(29,192)	—	—	—	—	(29,192)
Comprehensive (loss) income	—	—	—	—	(241,685)	—	3,086	—	(1,156)	(239,755)
Balance, December 31, 2017	\$ 525,000	368,512	\$ 36,851	\$ 5,513,197	\$ (3,183,134)	\$ 8,777	\$ (1,106)	\$ (8,653)	\$ 6,506	\$ 2,897,438

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Year Ended December 31,		
	2017	2016	2015
Cash flow from operating activities:			
Net (loss) income	\$ (243,132)	\$ 61,199	\$ (70,310)
Adjustments to reconcile net (loss) income to net cash flow provided by operating activities:			
Depreciation and amortization	346,204	389,519	402,045
Stock-based compensation	11,493	7,765	7,895
Amortization and write-off of debt issuance costs and fair market value of debt adjustments	7,472	2,147	(5,315)
Loss on extinguishments of debt	63,204	—	—
Accretion of convertible debt discount	—	—	9,953
Equity in net (income) loss of joint ventures	(8,837)	(15,699)	3,135
Reserve of preferred equity interests	61,000	—	—
Impairment of joint venture investments	—	—	1,909
Net (gain) loss on sale and change in control of interests	(368)	1,087	(7,772)
Operating cash distributions from joint ventures	7,413	8,210	8,382
Gain on disposition of real estate	(161,164)	(73,386)	(167,571)
Impairment charges	345,580	110,906	279,021
Valuation allowance of prepaid tax asset	10,794	—	—
Assumption of buildings due to lease terminations	(8,585)	—	—
Change in notes receivable accrued interest	(2,705)	(9,487)	(8,048)
Net change in accounts receivable	2,470	1,410	(3,107)
Net change in accounts payable and accrued expenses	(3,661)	(9,775)	174
Net change in other operating assets and liabilities	(16,771)	(13,233)	(16,915)
Total adjustments	653,539	399,464	503,786
Net cash flow provided by operating activities	410,407	460,663	433,476
Cash flow from investing activities:			
Real estate acquired, net of liabilities and cash assumed	(86,079)	(145,975)	(176,020)
Real estate developed and improvements to operating real estate	(115,361)	(162,926)	(305,725)
Proceeds from disposition of real estate	624,250	758,064	488,229
Hurricane casualty insurance advance proceeds	10,000	—	—
Equity contributions to joint ventures	(69,240)	(6,849)	(6,142)
Repayment (issuance) of joint venture advances, net	56,085	10,000	(82,634)
Distributions from unconsolidated joint ventures	27,885	26,793	18,123
Issuance of notes receivable	—	(11,139)	—
Repayment of notes receivable	31,068	5,065	9,521
Net cash flow provided by (used for) investing activities	478,608	473,033	(54,648)
Cash flow from financing activities:			
(Repayment of) proceeds from revolving credit facilities, net	—	(210,000)	182,371
Proceeds from issuance of senior notes, net of offering expenses	791,113	—	884,786
Repayment of senior notes	(958,509)	(240,000)	(502,996)
Proceeds from other debt	—	—	400,000
Repayment of term loans and mortgage debt	(542,486)	(195,495)	(1,068,924)
Payment of debt issuance costs	(7,295)	(43)	(4,605)
Proceeds from issuance of preferred shares, net of offering expenses	168,870	—	—
Issuance of common shares in conjunction with equity award plans and dividend reinvestment plan	21,677	13,536	2,325
Redemption of operating partnership units	(232)	—	—
Distributions to non-controlling interests and redeemable operating partnership units	(835)	(1,085)	(6,452)
Dividends paid	(305,819)	(293,905)	(265,277)
Net cash flow used for financing activities	(833,516)	(926,992)	(378,772)
Effect of foreign exchange rate changes on cash and cash equivalents	—	1	152
Net increase in cash, cash equivalents and restricted cash	55,499	6,704	56
Cash, cash equivalents and restricted cash, beginning of year	39,225	32,520	32,312
Cash, cash equivalents and restricted cash, end of year	\$ 94,724	\$ 39,225	\$ 32,520

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Nature of Business

DDR Corp. and its related consolidated real estate subsidiaries (collectively, the “Company” or “DDR”) and unconsolidated joint ventures are primarily engaged in the business of acquiring, owning, developing, redeveloping, expanding, leasing, financing and managing shopping centers. Unless otherwise provided, references herein to the Company or DDR include DDR Corp. and its wholly-owned subsidiaries and consolidated joint ventures. The Company’s tenant base primarily includes national and regional retail chains and local retailers. Consequently, the Company’s credit risk is concentrated in the retail industry.

On December 14, 2017, the Company announced its intention to spin off 50 shopping centers in 2018, representing \$2.9 billion of gross book asset value, composed of 38 continental U.S. assets and all 12 shopping centers in Puerto Rico, into a separate, publicly-traded Real Estate Investment Trust (“REIT”), Retail Value Inc.

Amounts relating to the number of properties, square footage, tenant and occupancy data, joint venture interests and estimated project costs are unaudited.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the Company’s 2016 and 2015 financial statements to conform to the 2017 presentation.

Principles of Consolidation

The consolidated financial statements include the results of the Company and all entities in which the Company has a controlling interest or has been determined to be the primary beneficiary of a variable interest entity (“VIE”). All significant inter-company balances and transactions have been eliminated in consolidation. Investments in real estate joint ventures in which the Company has the ability to exercise significant influence, but does not have financial or operating control, are accounted for using the equity method of accounting. Accordingly, the Company’s share of the earnings (or loss) of these joint ventures is included in consolidated net income (loss).

The Company has two unconsolidated joint ventures included in the Company’s joint venture investments that are considered VIEs for which the Company is not the primary beneficiary. The Company’s maximum exposure to losses associated with these VIEs is limited to its aggregate investment, which was \$284.1 million and \$405.4 million as of December 31, 2017 and 2016, respectively.

Statements of Cash Flows and Supplemental Disclosure of Non-Cash Investing and Financing Information

Non-cash investing and financing activities are summarized as follows (in millions):

	For the Year Ended December 31,		
	2017	2016	2015
Accounts payable related to construction in progress	\$ 13.4	\$ 13.3	\$ 31.6
Dividends declared	78.5	75.2	68.6
Assumption of buildings due to lease termination	8.6	—	—
Casualty insurance receivable and reduction of real estate assets, net related to hurricane casualty	65.9	—	—
Redemption of OP Units	—	—	18.3
Mortgages assumed from acquisitions	—	—	33.7
Elimination of a previously held equity interest	—	—	1.4

Real Estate

Real estate assets, which include construction in progress and undeveloped land, are stated at cost less accumulated depreciation. Depreciation and amortization is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	Useful lives, 20 to 31.5 years
Building improvements and fixtures	Useful lives, ranging from 5 to 20 years
Tenant improvements	Shorter of economic life or lease terms

The Company periodically assesses the useful lives of its depreciable real estate assets and accounts for any revisions, which are not material for the periods presented, prospectively. Expenditures for maintenance and repairs are charged to operations as incurred. Significant expenditures that improve or extend the life of the asset are capitalized.

Construction in Progress and Land includes undeveloped land as well as construction in progress related to shopping center developments and expansions. The Company capitalized certain direct costs (salaries and related personnel) and incremental internal construction costs of \$7.4 million, \$8.1 million and \$9.1 million in 2017, 2016 and 2015, respectively.

Purchase Price Accounting

In January 2017, the Company adopted the amendment to the accounting guidance for business combinations to clarify the definition of a business. The objective of this guidance is to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. Pursuant to the new guidance, the Company's acquisitions in 2017 were accounted for as asset acquisitions.

Upon acquisition of properties, the Company estimates the fair value of acquired tangible assets, consisting of land, building and improvements and intangibles, generally including (i) above- and below-market leases, (ii) in-place leases and (iii) tenant relationships. The Company allocates the purchase price to assets acquired and liabilities assumed on a gross basis based on their relative fair values at the date of acquisition. Beginning in 2017, the Company began capitalizing the acquisition costs incurred with asset acquisitions. In estimating the fair value of the tangible and intangibles acquired, the Company considers information obtained about each property as a result of its due diligence and marketing and leasing activities and uses various valuation methods, such as estimated cash flow projections using appropriate discount and capitalization rates, analysis of recent comparable sales transactions, estimates of replacement costs net of depreciation and other available market information. The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant. Above- and below-market lease values are recorded based on the present value (using a discount rate that reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the estimated term of any below-market, fixed-rate renewal options for below-market leases. The capitalized above- and below-market lease values are amortized to base rental revenue over the related lease term. The purchase price is further allocated to in-place lease values and tenant relationship values based on management's evaluation of the specific characteristics of the acquired lease portfolio and the Company's overall relationship with the anchor tenants. Such amounts are amortized to expense over the remaining initial lease term (and expected renewal periods for tenant relationships).

Real Estate Impairment Assessment

The Company reviews its individual real estate assets, including undeveloped land and construction in progress, for potential impairment indicators whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment indicators include, but are not limited to, significant decreases in projected net operating income and occupancy percentages, estimated hold periods, projected losses on potential future sales, market factors, significant changes in projected development costs or completion dates and sustainability of development projects. An asset is considered impaired when the undiscounted future cash flows are not sufficient to recover the asset's carrying value. The determination of anticipated undiscounted cash flows is inherently subjective, requiring significant estimates made by management, and considers the most likely expected course of action at the balance sheet date based on current plans, intended holding periods and available market information. If the Company is evaluating the potential sale of an asset or undeveloped land, the undiscounted future cash flows analysis is probability-weighted based upon management's best estimate of the likelihood of the alternative courses of action as of the balance sheet date. If an impairment is indicated, an impairment loss is recognized based on the excess of the carrying amount of the asset over its fair value. The Company recorded aggregate impairment charges of \$340.5 million, \$110.9 million and \$279.0 million, related to consolidated real estate investments during the years ended December 31, 2017, 2016 and 2015, respectively (Note 12).

Disposition of Real Estate and Real Estate Investments

Sales of real estate include the sale of land, operating properties and investments in real estate joint ventures. Gains from dispositions are recognized using the full accrual or partial sale methods, provided that various criteria relating to the terms of sale and any subsequent involvement by the Company with the asset sold are met. If the criteria for sale recognition or gain recognition are not

met because of a form of continuing involvement, the accounting for such transactions is dependent on the nature of the continuing involvement. In certain cases, a sale might not be recognized, and in others all or a portion of the gain might be deferred.

A discontinued operation includes only the disposal of a component of an entity and represents a strategic shift that has (or will have) a major effect on an entity's financial results. The disposition of the Company's individual properties did not qualify for discontinued operations presentation, and thus, the results of the properties that have been sold remain in Income from Continuing Operations, and any associated gains or losses from the disposition are included in Gain on Disposition of Real Estate.

Real Estate Held for Sale

The Company generally considers assets to be held for sale when management believes that a sale is probable within a year. This generally occurs when a sales contract is executed with no substantive contingencies and the prospective buyer has significant funds at risk. Assets that are classified as held for sale are recorded at the lower of their carrying amount or fair value, less cost to sell. The Company evaluated its property portfolio and did not identify any properties that would meet the above-mentioned criteria for held for sale as of December 31, 2017 and 2016.

Interest and Real Estate Taxes

Interest and real estate taxes incurred relating to the construction, expansion or redevelopment of shopping centers are capitalized and depreciated over the estimated useful life of the building. This includes interest incurred on funds invested in or advanced to unconsolidated joint ventures with qualifying development activities. The Company will cease the capitalization of these costs when construction activities are substantially completed and the property is available for occupancy by tenants. If the Company suspends substantially all activities related to development of a qualifying asset, the Company will cease capitalization of interest and taxes until activities are resumed.

Interest paid during the years ended December 31, 2017, 2016 and 2015, aggregated \$194.7 million, \$220.0 million and \$234.6 million, respectively, of which \$1.9 million, \$3.1 million and \$6.7 million, respectively, was capitalized.

Investments in and Advances to Joint Ventures

To the extent that the Company's cost basis in an unconsolidated joint venture is different from the basis reflected at the joint venture level, the basis difference is amortized over the life of the related assets and included in the Company's share of equity in net income (loss) of the joint venture. Periodically, management assesses whether there are any indicators that the value of the Company's investments in unconsolidated joint ventures may be impaired. An investment is impaired only if the Company's estimate of the fair value of the investment is less than the carrying value of the investment and such difference is deemed to be other than temporary. The Company recorded an impairment charge of \$1.9 million (Note 12) related to its investment in an unconsolidated joint venture during the year ended December 31, 2015. Investment impairment charges create a basis difference between the Company's share of accumulated equity as compared to the investment balance of the respective unconsolidated joint venture. The Company allocates the aggregate impairment charge to each of the respective properties owned by the joint venture on a relative fair value basis and amortizes this basis differential as an adjustment to the equity in net income (loss) recorded by the Company over the estimated remaining useful lives of the underlying assets.

Preferred Equity Interests

At December 31, 2017, the Company had net preferred equity interests of \$277.8 million recorded in Investments in and Advances to Joint Ventures. The Company evaluates the collectability of both the principal and interest on these investments based upon an assessment of the underlying collateral value to determine whether the investment is impaired. As the underlying collateral for the investments is real estate investments, the same valuation techniques are used to value the collateral as those used to determine the fair value of real estate investments for impairment purposes as disclosed above. In addition, the Company performs an additional present value of cash flows for the underlying collateral value that is probability-weighted based upon management's estimate of the repayment timing. The preferred equity interests are considered impaired if the Company's estimate of the fair value of the underlying collateral is less than the carrying value of the preferred equity interests. In 2017, based upon the results of the impairment assessment, the Company recorded an aggregate valuation allowance of \$61.0 million related to both of its preferred equity investments to reflect the risk that the securities are not repaid in full in advance of the Company's redemption rights in 2021 and 2022 (Note 12). Interest income on the impaired investments is recognized on a cash basis. The Company will continue to monitor the investments and related valuation allowance, which could be increased or decreased in future periods, as appropriate.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company maintains cash deposits with major financial institutions, which from time to time may exceed federally insured limits. The Company periodically assesses the financial condition of these institutions and believes that the risk of loss is minimal.

Restricted Cash

Restricted cash represents amounts on deposit with financial institutions primarily for debt service payments, real estate taxes, capital improvements and operating reserves as required pursuant to the respective loan agreement. For purposes of the Company's consolidated statements of cash flows, changes in restricted cash are aggregated with cash and cash equivalents.

Accounts Receivable

The Company makes estimates of the amounts it believes will not be collected related to base rents, straight-line rents receivable, expense reimbursements and other amounts owed. The Company analyzes accounts receivable, tenant credit worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. In addition, amounts due from tenants in bankruptcy are analyzed and estimates are made in connection with the expected recovery of pre-petition and post-petition claims.

Accounts receivable, other than straight-line rents receivable, are expected to be collected within one year and are net of estimated uncollectible amounts of \$13.6 million and \$7.1 million at December 31, 2017 and 2016, respectively. At December 31, 2017 and 2016, straight-line rents receivable, net of a provision for uncollectible amounts of \$4.5 million and \$4.1 million, respectively, aggregated \$59.4 million and \$65.1 million, respectively.

Notes Receivable

Notes receivable include certain loans that are held for investment and are generally collateralized by real estate-related investments and may be subordinate to other senior loans. Loans receivable are recorded at stated principal amounts or at initial investment plus accretable yield for loans purchased at a discount. The related discounts on mortgages and other loans purchased are accreted over the life of the related loan receivable. The Company defers loan origination and commitment fees, net of origination costs, and amortizes them over the term of the related loan. The Company evaluates the collectability of both principal and interest on each loan based on an assessment of the underlying collateral value to determine whether it is impaired, and not by the use of internal risk ratings. A loan loss reserve is recorded when, based upon current information and events, it is probable that the Company will be unable to collect all amounts due according to the existing contractual terms. When a loan is considered to be impaired, the amount of loss is calculated by comparing the recorded investment to the value of the underlying collateral. As the underlying collateral for a majority of the notes receivable is real estate-related investments, the same valuation techniques are used to value the collateral as those used to determine the fair value of real estate investments for impairment purposes. Given the small number of loans outstanding, all of the Company's loans are evaluated individually for this purpose. Interest income on performing loans is accrued as earned. Interest income on non-performing loans is recognized on a cash basis. Recognition of interest income on an accrual basis on non-performing loans is resumed when it is probable that the Company will be able to collect amounts due according to the contractual terms.

Deferred Charges

External costs and fees incurred in obtaining indebtedness are included in the Company's consolidated balance sheets as a direct deduction from the related debt liability, rather than as an asset. Debt issuance costs related to the Company's revolving credit facilities remain classified as an asset on the consolidated balance sheets as these costs are, at the outset, not associated with an outstanding borrowing. The aggregate costs are amortized over the terms of the related debt agreements. Such amortization is reflected in Interest Expense in the Company's consolidated statements of operations.

Treasury Shares

The Company's share repurchases are reflected as treasury shares utilizing the cost method of accounting and are presented as a reduction to consolidated shareholders' equity. Reissuances of the Company's treasury shares at an amount below cost are recorded as a charge to paid-in capital due to the Company's cumulative distributions in excess of net income.

Revenue Recognition

Minimum rents from tenants are recognized using the straight-line method over the lease term of the respective leases. Percentage and overage rents are recognized after a tenant's reported sales have exceeded the applicable sales breakpoint set forth in the applicable lease. Revenues associated with expense reimbursements from tenants are recognized in the period that the related expenses are incurred based upon the tenant lease provision. Management fees are recorded in the period earned based on a percentage of collected revenue at the properties under management. Included in management and other fee income are fees (i.e., leasing and development fees) derived from the Company's unconsolidated joint venture investments that are recognized to the extent attributable to the unaffiliated ownership interest. Ancillary and other property-related income, primarily composed of leasing vacant space to temporary tenants and kiosk income, is recognized in the period earned. Lease termination fees are recognized upon the effective termination of a tenant's lease when the Company has no further obligations under the lease.

Fee and Other Income was composed of the following (in thousands):

	For the Year Ended December 31,		
	2017	2016	2015
Management and other fee income	\$ 33,641	\$ 36,298	\$ 32,971
Ancillary and other property income	16,819	18,678	19,038
Lease termination fees	10,505	3,512	2,774
Other	170	80	565
Total fee and other income	<u>\$ 61,135</u>	<u>\$ 58,568</u>	<u>\$ 55,348</u>

General and Administrative Expenses

General and administrative expenses include certain internal leasing and legal salaries and related expenses associated with the re-leasing of existing space, which are charged to operations as incurred.

Stock Option and Other Equity-Based Plans

Compensation cost relating to stock-based payment transactions classified as equity is recognized in the financial statements based upon the grant date fair value. Forfeitures are estimated at the time of grant in order to estimate the amount of share-based awards that will ultimately vest. The forfeiture rate is based on historical rates for non-executive employees and actual expectations for executives.

Stock-based compensation cost recognized by the Company was \$11.5 million for the year ended December 31, 2017, and \$7.0 million for each of the years ended December 31, 2016 and 2015. These amounts include \$5.5 million, \$0.9 million and \$0.5 million expense related to the accelerated vesting of awards due to employee separations in 2017, 2016 and 2015, respectively. This net cost is included in General and Administrative Expenses in the Company's consolidated statements of operations.

Income Taxes

The Company has made an election to qualify, and believes it is operating so as to qualify, as a REIT for federal income tax purposes. Accordingly, the Company generally will not be subject to federal income tax, provided that it makes distributions to its shareholders equal to at least the amount of its REIT taxable income as defined under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), and continues to satisfy certain other requirements.

In connection with the REIT Modernization Act, the Company is permitted to participate in certain activities and still maintain its qualification as a REIT, so long as these activities are conducted in entities that elect to be treated as taxable subsidiaries under the Code. As such, the Company is subject to federal and state income taxes on the income from these activities. The Protecting Americans from Tax Hikes Act (PATH Act) was enacted in December 2015 and included numerous law changes applicable to REITs, which did not have a material impact on the Company's operations. The Tax Cuts and Jobs Act was enacted on December 22, 2017. It included numerous law changes for tax years beginning after December 31, 2017, some of which are applicable to REITs. The Company does not expect that changes will have a material impact on the Company's financial statements.

In the normal course of business, the Company or one or more of its subsidiaries is subject to examination by federal, state and local tax jurisdictions as well as certain jurisdictions outside the United States, in which it operates, where applicable. The Company expects to recognize interest and penalties related to uncertain tax positions, if any, as income tax expense. For the three years ended December 31, 2017, the Company recognized no material adjustments regarding its tax accounting treatment for uncertain tax provisions. As of December 31, 2017, the tax years that remain subject to examination by the major tax jurisdictions under applicable statutes of limitations are generally the year 2014 and forward.

Deferred Tax Assets

The Company accounts for income taxes related to its taxable REIT subsidiary ("TRS") under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the income statement in the period that includes the enactment date.

The Company records net deferred tax assets to the extent it believes it is more likely than not that these assets will be realized. A valuation allowance is recorded against the deferred tax assets when the Company determines that an uncertainty exists regarding their realization, which would increase the provision for income taxes. In making such determination, the Company considers all available positive and negative evidence, including forecasts of future taxable income, the reversal of other existing temporary differences, available net operating loss carryforwards, tax planning strategies and recent results of operations. Several of these considerations require assumptions and significant judgment about the forecasts of future taxable income and must be consistent with

the plans and estimates that the Company is utilizing to manage its business. As a result, to the extent facts and circumstances change, an assessment of the need for a valuation allowance should be made.

The Tax Cuts and Jobs Act changed the corporate federal income tax rate to a flat 21% for years beginning after December 31, 2017. Accordingly, the Company reflected this rate decrease in its deferred tax assets and liabilities at December 31, 2017 (Note 15).

Segments

At December 31, 2017, 2016 and 2015, the Company had two reportable operating segments: shopping centers and loan investments. The Company's chief operating decision maker may review operational and financial data on a property basis and does not differentiate properties on a geographical basis for purposes of allocating resources or capital. The Company evaluates individual property performance primarily based on net operating income before depreciation, amortization and certain nonrecurring items. Each consolidated shopping center is considered a separate operating segment; however, each shopping center on a stand-alone basis, represents less than 10% of revenues, profit or loss, and assets of the combined reported operating segment and meets the majority of the aggregations criteria under the applicable standard.

Foreign Currency Translation

The financial statements of the Company's international consolidated and unconsolidated joint venture investments are translated into U.S. dollars using the exchange rate at each balance sheet date for assets and liabilities, an average exchange rate for each period for revenues, expenses, gains and losses, and at the transaction date for impairments or asset sales, with the Company's proportionate share of the resulting translation adjustments recorded as Accumulated OCI. Gains or losses resulting from foreign currency transactions, translated to local currency, are included in income as incurred.

Derivative and Hedging Activities

The Company recorded all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that is attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain of its risks, even if hedge accounting does not apply or the Company elects not to apply hedge accounting.

Fair Value Hierarchy

The standard *Fair Value Measurements* specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). The following summarizes the fair value hierarchy:

- Level 1 Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 Quoted prices for identical assets and liabilities in markets that are inactive, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly, such as interest rates and yield curves that are observable at commonly quoted intervals and
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

New Accounting Standards to Be Adopted

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers*. The objective of ASU No. 2014-09 is to establish a single, comprehensive, five-step model for entities to use in accounting for revenue arising from contracts with customers that will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The core principle of this standard is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2014-09 applies to all contracts with customers except those that are within the scope of other topics in the FASB Accounting Standards Codification (“ASC”). The new guidance is effective for public companies for annual reporting periods (including interim periods within those periods) beginning after December 15, 2017. Entities have the option of using either a full retrospective or modified retrospective approach to adopt ASU No. 2014-09. The Company will adopt the standard using the modified retrospective approach for financial statements issued after January 1, 2018; management does not believe the adoption will have a material impact on the Company’s financial statements.

Most significantly for the real estate industry, leasing transactions are not within the scope of the new standard. A majority of the Company’s tenant-related revenue is recognized pursuant to lease agreements and will be governed by the leasing guidance discussed below. The Company completed its assessment of ASU No. 2014-09 and has concluded that the guidance will not have a material impact on the method of revenue recognition. Upon adoption of ASU No. 2014-09, the recognition of lease commission income earned pursuant to its management agreements with unconsolidated joint ventures will be accelerated into an earlier quarter than recognized in current GAAP. Historically, the majority of the Company’s lease commission income has been recognized 50% upon lease execution and 50% upon tenant rent commencement. Effective January 1, 2018, lease commission income will generally be recognized in its entirety upon lease execution. This revenue is not considered material to the Company’s financial statements.

Accounting for Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this update govern a number of areas including, but not limited to, accounting for leases, replacing the existing guidance in ASC No. 840, *Leases*. Under this standard, among other changes in practice, a lessee’s rights and obligations under most leases, including existing and new arrangements, would be recognized as assets and liabilities, respectively, on the balance sheet. Other significant provisions of this standard include (i) defining the “lease term” to include the non-cancelable period together with periods for which there is a significant economic incentive for the lessee to extend or not terminate the lease; (ii) defining the initial lease liability to be recorded on the balance sheet to contemplate only those variable lease payments that depend on an index or that are in substance “fixed,” (iii) a dual approach for determining whether lease expense is recognized on a straight-line or accelerated basis, depending on whether the lessee is expected to consume more than an insignificant portion of the leased asset’s economic benefits and (iv) a requirement to bifurcate certain lease and non-lease components. The lease standard is effective for fiscal years beginning after December 15, 2018 (including interim periods within those fiscal years), with early adoption permitted. The Company will adopt the standard using the modified retrospective approach for financial statements issued after January 1, 2019.

The Company is in the process of evaluating the impact that the adoption of ASU No. 2016-02 will have on its consolidated financial statements and disclosures. The Company has currently identified several areas within its accounting policies it believes could be impacted by the new standard. The Company may have a change in presentation on its consolidated statements of operations with regards to Recoveries from Tenants, which includes reimbursements from tenants for certain operating expenses, real estate taxes and insurance. Tenant expense reimbursements with a service obligation are not covered within the scope of ASU No. 2016-02. The Company also has certain lease arrangements with its tenants for space at its shopping centers in which the contractual amounts due under the lease by the lessee are not allocated between the rental and expense reimbursement components (“Gross Leases”). The aggregate revenue earned under Gross Leases is presented as Minimum Rents in the consolidated statements of operations. As a result, the Company anticipates under the currently issued standard, it will be required to bifurcate the presentation of certain expense reimbursements as well as allocate the fair value of the embedded revenue associated with these reimbursements for Gross Leases, which represent an immaterial portion of the Company’s lease portfolio, and separately present such amounts in its consolidated statements of operations based upon materiality. On January 5, 2018, the FASB issued a proposal for comment that would make targeted improvements to the Leases standard that provides lessors with a practical expedient by class of underlying assets to not separate non-lease components from the lease component. Such practical expedient would be limited to circumstances in which (i) the timing and pattern of revenue recognition are the same for the non-lease component and the related lease component and (ii) the combined single lease component would be classified as an operating lease. If the exposed practical expedient is issued final in its existing form, the Company expects to elect the practical expedient which would allow the Company the ability to combine the lease and non-lease components if the underlying asset meets the two criteria defined above.

In addition, the Company has ground lease agreements in which the Company is the lessee for land underneath all or a portion of the buildings at five shopping centers (Note 9). Currently, the Company accounts for these arrangements as operating leases. Under the new standard, the Company will record its rights and obligations under these leases as a right of use asset and lease liability

on its consolidated balance sheets. The Company is currently in the process of evaluating the inputs required to calculate the amount that will be recorded on its balance sheet for each ground lease. Lastly, this standard impacts the lessor's ability to capitalize initial direct costs related to the leasing of vacant space. However, the Company does not believe this change regarding capitalization will have a material impact on its consolidated financial statements.

Real Estate Sales

In February 2017, the FASB issued ASU 2017-05. The ASU eliminates guidance specific to real estate sales in ASC 360-20. As such, sales and partial sales of real estate assets will now be subject to the same derecognition model as all other nonfinancial assets. The guidance is effective for annual periods beginning after December 15, 2017, including interim periods within that reporting period. The effective date of this guidance coincides with revenue recognition guidance. The Company has determined that the adoption of this standard will not have a material impact on the Company's consolidated financial statements.

2. Investments in and Advances to Joint Ventures

The Company's equity method joint ventures, which are included in Investments in and Advances to Joint Ventures in the Company's consolidated balance sheet at December 31, 2017, are as follows:

Unconsolidated Real Estate Ventures	Partner	Effective Ownership Percentage	Operating Properties
BRE DDR Retail Holdings III	Blackstone Real Estate Partners	5.0%	37
BRE DDR Retail Holdings IV	Blackstone Real Estate Partners	5.0	6
DDRTC Core Retail Fund, LLC	TIAA – CREF	15.0	23
DDRM Properties	Madison International Realty	20.0	52
DDR – SAU Retail Fund, LLC	State of Utah	20.0	12
Other Joint Venture Interests	Various	20.0–79.45	6

Condensed combined financial information of the Company's unconsolidated joint venture investments is as follows (in thousands):

	December 31,	
	2017	2016
Condensed Combined Balance Sheets		
Land	\$ 1,126,703	\$ 1,287,675
Buildings	3,057,072	3,376,720
Fixtures and tenant improvements	213,989	203,824
	4,397,764	4,868,219
Less: Accumulated depreciation	(962,038)	(884,356)
	3,435,726	3,983,863
Construction in progress and land	53,928	56,983
Real estate, net	3,489,654	4,040,846
Cash and restricted cash	155,894	50,378
Receivables, net	51,396	50,685
Other assets, net	174,832	248,664
	<u>\$ 3,871,776</u>	<u>\$ 4,390,573</u>
Mortgage debt	\$ 2,501,163	\$ 3,034,399
Notes and accrued interest payable to the Company	1,365	1,584
Other liabilities	156,076	206,949
	2,658,604	3,242,932
Redeemable preferred equity – DDR	345,149	393,338
Accumulated equity	868,023	754,303
	<u>\$ 3,871,776</u>	<u>\$ 4,390,573</u>
Company's share of accumulated equity	\$ 132,710	\$ 97,977
Redeemable preferred equity, net	277,776	393,338
Basis differentials	(24,973)	(36,117)
Deferred development fees, net of portion related to the Company's interest	(3,065)	(2,651)
Amounts payable to the Company	1,365	1,584
Investments in and Advances to Joint Ventures, net	<u>\$ 383,813</u>	<u>\$ 454,131</u>

	For the Year Ended December 31		
	2017	2016	2015
Condensed Combined Statements of Operations			
Revenues from operations	\$ 502,506	\$ 513,365	\$ 524,697
Expenses from operations:			
Operating expenses	145,855	144,984	146,924
Impairment charges(A)	90,597	13,598	52,700
Depreciation and amortization	180,337	195,198	207,816
Interest expense	107,330	132,943	140,701
Preferred share expense	32,251	33,418	25,991
Other (income) expense, net	25,986	23,513	30,235
	582,356	543,654	604,367
Loss from continuing operations	(79,850)	(30,289)	(79,670)
Gain on disposition of real estate, net	101,806	57,261	17,188
Net income (loss) attributable to unconsolidated joint ventures	<u>\$ 21,956</u>	<u>\$ 26,972</u>	<u>\$ (62,482)</u>
Company's share of equity in net income (loss) of joint ventures(B)	\$ 3,516	\$ 11,650	\$ (5,289)
Basis differential adjustments(B)	5,321	4,049	2,154
Equity in net income (loss) of joint ventures(B)	<u>\$ 8,837</u>	<u>\$ 15,699</u>	<u>\$ (3,135)</u>

(A) For the years ended December 31, 2017, 2016 and 2015, the Company's proportionate share was \$5.0 million, \$2.7 million and \$10.5 million, respectively. The Company's share of the impairment charges was reduced by the impact of the other than temporary impairment charges recorded on these investments, as appropriate, as discussed below.

(B) The difference between the Company's share of net income (loss), as reported above, and the amounts included in the Company's consolidated statements of operations is attributable to the amortization of basis differentials, unrecognized preferred PIK, the recognition of deferred gains, differences in gain (loss) on sale of certain assets recognized due to the basis differentials and other than temporary impairment charges.

Service fees and income earned by the Company through management, financing, leasing and development activities performed related to all of the Company's unconsolidated joint ventures are as follows (in millions):

	For the Year Ended December 31,		
	2017	2016	2015
Management and other fees	\$ 24.2	\$ 28.6	\$ 26.0
Interest income	25.9	33.4	26.0
Development fees and leasing commissions	9.1	7.5	6.8

The Company's joint venture agreements generally include provisions whereby each partner has the right to trigger a purchase or sale of its interest in the joint venture or to initiate a purchase or sale of the properties after a certain number of years or if either party is in default of the joint venture agreements. The Company is not obligated to purchase the interests of its outside joint venture partners under these provisions.

Disposition of Shopping Centers

The Company's joint ventures sold 15, 17 and 16 shopping centers and land for an aggregate sales price of \$545.6 million, \$214.6 million and \$289.7 million, of which the Company's share of the gain on sale was \$5.7 million, \$13.8 million and \$4.0 million, respectively, for the years ended December 31, 2017, 2016 and 2015.

BRE DDR Retail Holdings Joint Ventures

The Company's two unconsolidated investments with The Blackstone Group L.P. ("Blackstone"), BRE DDR Retail Holdings III ("BRE DDR III") and BRE DDR Retail Holdings IV ("BRE DDR IV" and, together with BRE DDR III, the "BRE DDR Joint Ventures"), have substantially similar terms and are summarized as follows (in millions, except properties owned):

	Formation	Common Equity	Preferred Investment (Principal)			Properties Owned	
		Initial	Initial	December 31, 2017	Net of Reserve	Inception	December 31, 2017
BRE DDR III	Oct 2014	\$ 19.6	\$ 300.0	\$ 265.9	\$ 216.0	70	37
BRE DDR IV	Dec 2015	12.9	82.6	67.1	56.0	6	6
			\$ 382.6	\$ 333.0	\$ 272.0		

An affiliate of Blackstone is the managing member and effectively owns 95% of the common equity of each of the two BRE DDR Joint Ventures, and consolidated affiliates of DDR effectively own the remaining 5%. The Company provides leasing and property management services to all of the joint venture properties. The Company cannot be removed as the property and leasing manager until the preferred equity, as discussed below, is redeemed in full (except for certain specified events).

The Company's preferred interests are entitled to certain preferential cumulative distributions payable out of operating cash flows and certain capital proceeds pursuant to the terms and conditions of the preferred investments. The preferred distributions are recognized as Interest Income within the Company's consolidated statements of operations and are classified as a note receivable in Investments in and Advances to Joint Ventures on the Company's consolidated balance sheets. Blackstone has the right to defer up to 23.5% of the preferred fixed distributions as a payment in kind distribution, or "PIK." The preferred investments have an annual distribution rate of 8.5% including any deferred and unpaid preferred distributions. Blackstone has made this PIK deferral election since the formation of both joint ventures. The cash portion of the preferred fixed distributions is generally payable first out of operating cash flows and is current for both BRE DDR Joint Ventures. The Company has no expectation that the cash portion of the preferred fixed distribution will become impaired.

The unpaid preferred investment (and any accrued distributions) is payable (1) at Blackstone's option, in whole or in part, subject to early redemption premiums in certain circumstances during the first three years of the joint ventures; (2) at varying equity sharing levels with the common members under certain circumstances including specified financial covenants, upon a sale of properties over a certain threshold; (3) at DDR's option after seven years (2021 for BRE DDR III and 2022 for BRE DDR IV) and (4) upon the incurrence of additional indebtedness by the joint ventures in excess of a certain threshold. Specifically, for BRE DDR III as of December 31, 2017, based upon the cumulative asset sales, net asset sale proceeds will be allocated at 52.0% to the preferred member. For BRE DDR IV, the preferred investment is collateralized by assets in which DDR has a 5% common equity interest for 95% of the value and by an additional three assets in which DDR has a nominal interest. The repayment of the BRE DDR IV preferred investment prior to 2022 is first subject to a remaining minimum net asset sales threshold of \$4.9 million, of which \$1.1 million is allocated to the preferred member. The net asset sale proceeds generated thereafter are expected to be available to repay the preferred member.

For the year ended December 31, 2017, the Company recorded a valuation allowance on each of the BRE DDR III and BRE DDR IV preferred investment interests of \$50.0 million and \$11.0 million, respectively, or \$61.0 million in the aggregate on a net basis. The valuation allowances were triggered by an increase in the estimated market capitalization rates for the underlying real estate collateral of the investments. The values of open air shopping centers anchored by big box national retailers, particularly in secondary markets, have been under increasing pressure and decreased in 2017 due to the continued perceived threat of internet retail competition and tenant bankruptcies. Several large national retailers filed for bankruptcy in the beginning of 2017. A majority of the shopping centers collateralizing the preferred investments are those that have been most impacted by the rising capitalization rates. These factors have also reduced the number of potential investors and well-capitalized buyers for these types of assets. The managing member of the two joint ventures exercises significant influence over the timing of asset sales. Due to the Company's expectation regarding the likely timing of asset sales, the valuation of the Company's investments considers how management believes a third-party market participant would value the securities in the current higher capitalization rate environment. As a result, the investments were impaired to reflect the risk that the securities are not repaid in full in advance of the Company's redemption rights in 2021 and 2022. The Company reassesses the aggregate valuation allowance quarterly based upon actual timing and values of recent property sales as well as current market assumptions. The valuation allowance is recorded as Reserve of Preferred Equity Interests on the Company's consolidated statements of operations. The Company will continue to monitor the investments and related valuation allowance, which could be increased or decreased in future periods, as appropriate.

As discussed above, the preferred 8.5% distribution rate has two components, a cash interest rate of 6.5% and an accrued PIK of 2.0%. As a result of the valuation allowances recorded, effective March 2017, the Company no longer recognizes as interest income the 2.0% PIK (aggregating \$6.3 million at December 31, 2017). Although Blackstone has the right to change its payment election, the Company expects future preferred distributions to continue to include the PIK election. The recognition of the PIK interest income will be re-evaluated based upon any future adjustments to the aggregate valuation allowance, as appropriate.

DDRM Properties (formerly DDR Domestic Retail Fund I)

In 2017, the Company and an affiliate of Madison International Realty ("Madison") recapitalized a joint venture with 52 shopping centers previously owned by the Company and various partners through the DDR Domestic Retail Fund I, totaling \$1.05 billion. Madison International Real Estate Liquidity Fund VI, an investment fund managed by Madison, acquired 80% of the common equity, and an affiliate of the Company retained its 20% interest. This ownership structure is consistent with the structure of the joint venture prior to the recapitalization. In addition, the Company will continue to provide leasing and management services. The recapitalization included the repayment of all outstanding mortgage debt previously held by the joint venture, a majority of which was scheduled to mature in July 2017. The joint venture obtained new mortgage loan financing aggregating \$706.7 million (of which the Company's pro rata share is \$141.3 million), collateralized by the 52 assets with a maturity date of July 2022, including extensions. The Company contributed \$46.9 million in cash to fund its pro rata share of the recapitalization and related debt refinancing.

The remaining three assets not involved in the recapitalization were distributed to the existing partners of DDR Domestic Retail Fund I at the aggregate book value of \$74.0 million (of which the Company's pro rata share was \$14.8 million) and contributed to a new joint venture with the same ownership structure, DDR Manatee Liquidating Holdco I. The Company retained a 20% interest in the joint venture and will continue to provide leasing and management services. The assets in the joint venture are unencumbered.

Investment Interests Sold

In 2016, the Company sold its approximate 25% membership interest in 10 assets to its joint venture partner and recorded a loss on sale of \$1.1 million, which is included in Loss on Sale and Change in Control of Interests, net, in the Company's consolidated statement of operations. In 2015, the Company sold its 50% membership interest in a property management company to its joint venture partner and recorded a loss on sale of \$6.5 million, which is included in Gain on Sale and Change in Control of Interests, net in the Company's consolidated statement of operations. In addition, in 2015, the Company sold two shopping centers to this former joint venture partner for an aggregate sales price of \$112.3 million, and the Company recorded a Gain on Sale of \$59.8 million.

All transactions with the Company's equity affiliates are described above.

3. Acquisitions

In 2017 and 2016, the Company acquired the following shopping centers (in millions):

Asset	Location	Date Acquired	Purchase Price
3030 North Broadway	Chicago, IL	January 2017	\$ 81.0
Palm Valley Pavilions West	Phoenix, AZ	February 2016	60.5
Gresham Station	Portland, OR	September 2016	86.3

The fair value of acquisitions was allocated as follows (in thousands):

			Weighted-Average Amortization Period (in Years)	
	2017	2016	2017	2016
Land	\$ 23,588	\$ 27,093	N/A	N/A
Buildings	35,659	99,034	(A)	(A)
Tenant improvements	8,565	4,385	(A)	(A)
In-place leases (including lease origination costs and fair market value of leases)	7,051	14,021	16.0	5.1
Tenant relationships	6,934	8,810	16.3	11.1
Other assets	419	146	N/A	N/A
	<u>82,216</u>	<u>153,489</u>		
Less: Below-market leases	(1,872)	(6,967)	20.0	15.4
Less: Other liabilities assumed	(581)	(547)	N/A	N/A
Net assets acquired	<u>\$ 79,763</u>	<u>\$ 145,975</u>		

(A) Depreciated in accordance with the Company's policy (Note 1).

Total consideration for the acquisitions was paid in cash. The costs related to the 2017 asset acquisition were capitalized to real estate assets in connection with the new accounting standard adopted on January 1, 2017 (Note 1). Total consideration for the 2016 asset acquisitions excludes \$0.4 million of related transaction costs, which were expensed as incurred and included in Other Income (Expense), net in the Company's consolidated statement of operations. Included in the Company's consolidated statements of operations are \$6.9 million, \$6.8 million and \$9.5 million in total revenues from the date of acquisition through December 31, 2017, 2016 and 2015, respectively, for the acquired properties.

4. Notes Receivable

The Company has notes receivable, including accrued interest, that are collateralized by certain rights in development projects, partnership interests, sponsor guaranties and/or real estate assets, some of which are subordinate to other financings. At December 31, 2017, the Company's loans outstanding had maturity dates ranging from June 2019 to June 2023 at an interest rate of 9.0%. At December 31, 2017, the Company did not have any loans outstanding that were past due. The following table reconciles the loans receivable on real estate (in thousands):

	2017	2016
Balance at January 1	\$ 49,488	\$ 41,988
Additions:		
New mortgage loans	—	11,139
Interest	2,276	3,160
Accretion of discount	269	1,038
Deductions:		
Collections of principal and interest	(32,358)	(7,837)
Balance at December 31	<u>\$ 19,675</u>	<u>\$ 49,488</u>

In 2015, the Company sold a note receivable with a face value, including accrued interest, of \$9.8 million and a net value of \$5.0 million, for proceeds of \$7.9 million. As a result, the related loan loss reserve of \$4.8 million was reversed, and income of \$2.9 million was recognized and classified as Gain on Disposition of Real Estate in the Company's consolidated statement of operations. In connection with this transaction, the Company wrote off a cross-collateralized, fully reserved note receivable with a face value including accrued interest of \$10.8 million.

5. Other Assets and Intangibles

Other assets consist of the following (in thousands):

	December 31,	
	2017	2016
Intangible assets:		
In-place leases, net	\$ 71,809	\$ 99,600
Above-market leases, net	14,391	20,405
Lease origination costs	10,029	12,931
Tenant relationships, net	86,178	108,662
Total intangible assets, net(A)	182,407	241,598
Other assets:		
Prepaid expenses(B)	10,806	26,842
Other assets	3,869	6,274
Deposits	5,076	5,965
Deferred charges, net	7,901	4,731
Total other assets, net	\$ 210,059	\$ 285,410
Below-market leases, net (other liabilities)(A)	\$ 127,513	\$ 147,941

(A) In the event a tenant terminates its lease prior to the contractual expiration, the unamortized portion of the related intangible asset or liability is written off.

(B) Includes prepaid tax assets of \$4.0 million and \$16.2 million at December 31, 2017 and 2016, respectively. During 2015, in accordance with amended legislation of the Puerto Rico Internal Revenue Code, the Company elected and paid a tax related to the estimated built-in gains associated with its real estate in Puerto Rico as part of an overall tax restructuring (Note 15). In 2017, the Company recorded a valuation allowance aggregating \$10.8 million related to the prepaid tax based upon the results of the Company's probability-weighted undiscounted cash flow impairment test.

Amortization expense related to the Company's intangibles, excluding above- and below-market leases, was as follows (in millions):

Year	Expense
2017	\$ 60.7
2016	72.1
2015	92.6

Estimated net future amortization associated with the Company's intangible assets is as follows (in millions):

Year	Income	Expense
2018	\$ 7.1	\$ 43.0
2019	7.8	32.4
2020	7.9	23.3
2021	8.1	17.5
2022	8.4	13.4

6. Revolving Credit Facilities

The following table discloses certain information regarding the Company's Revolving Credit Facilities (as defined below):

	Carrying Value at December 31,		Weighted-Average Interest Rate at December 31,		Maturity Date at December 31, 2017
	2017	2016	2017	2016	
Unsecured Credit Facility	\$ —	\$ —	N/A	N/A	September 2021
PNC Facility	—	—	N/A	N/A	September 2021

In 2017, the Company amended and restated its unsecured revolving credit facility with a syndicate of financial institutions, arranged by J.P. Morgan Chase Bank, N.A., Wells Fargo Securities, LLC, Citizens Bank, N.A., RBC Capital Markets and U.S. Bank National Association (the "Unsecured Credit Facility"). The Unsecured Credit Facility was amended to increase borrowing capacity to up to \$950 million from \$750 million and to extend the maturity date to September 2021, if certain financial covenants are maintained. The amendment also provided for two six-month options to extend the maturity to September 2022 upon the Company's request and increased the accordion feature for expansion of availability up to \$1.45 billion from \$1.25 billion, provided that new or existing lenders agree to the existing terms of the facility and increase their commitment level. The Unsecured Credit Facility includes a competitive bid option on periodic interest rates for up to 50% of the facility. The Unsecured Credit Facility also provides for an annual facility fee, which was 25 basis points on the entire facility at December 31, 2017.

The Company also maintains a \$50 million unsecured revolving credit facility with PNC Bank, National Association (the "PNC Facility" and, together with the Unsecured Credit Facility, the "Revolving Credit Facilities"). The PNC Facility was also amended in 2017 to reflect substantially the same terms as the Unsecured Credit Facility.

The Company's borrowings under the Revolving Credit Facilities bear interest at variable rates at the Company's election, based on either LIBOR, plus a specified spread (1.2% at December 31, 2017) or the Alternative Base Rate, plus a specified spread (0.20% at December 31, 2017), as defined in the respective facility. The specified spreads vary depending on the Company's long-term senior unsecured debt rating from Moody's Investors Service, Inc. and S&P Global Ratings and their successors. The Company is required to comply with certain covenants under the Revolving Credit Facilities relating to total outstanding indebtedness, secured indebtedness, value of unencumbered real estate assets and fixed charge coverage. The Company was in compliance with these financial covenants at December 31, 2017 and 2016.

7. Unsecured and Secured Indebtedness

The following table discloses certain information regarding the Company's unsecured and secured indebtedness (in millions):

	Carrying Value at December 31,		Interest Rate(A) at December 31,		Maturity Date at December 31, 2017
	2017	2016	2017	2016	
Unsecured indebtedness:					
Senior notes(B)	\$ 2,832.2	\$ 2,932.2	3.375%–7.500%	3.375%–7.875%	July 2018– June 2027
Senior notes – discount, net	(5.1)	(5.0)			
Net unamortized debt issuance costs	(17.0)	(14.0)			
Total Senior Notes	<u>\$ 2,810.1</u>	<u>\$ 2,913.2</u>			
Unsecured Term Loan	\$ 400.0	\$ 400.0	2.9%	1.9%	April 2018– January 2023
Net unamortized debt issuance costs	(1.9)	(1.6)			
Total Unsecured Term Loan	<u>\$ 398.1</u>	<u>\$ 398.4</u>			
Secured indebtedness:					
Mortgage indebtedness – Fixed Rate	\$ 643.4	\$ 959.1	4.7%	4.9%	January 2019– January 2022
Mortgage indebtedness – Variable Rate	—	26.2	N/A	1.8%	N/A
Net unamortized debt issuance costs	(2.3)	(2.8)			
Total Mortgage Indebtedness	<u>\$ 641.1</u>	<u>\$ 982.5</u>			
Secured Term Loan	\$ —	\$ 200.0	N/A	2.1%	N/A
Net unamortized debt issuance costs	—	(0.2)			
Total Secured Term Loan	<u>\$ —</u>	<u>\$ 199.8</u>			

(A) The interest rates reflected above for the senior notes represent the range of the coupon rate of the notes outstanding. All other interest rates presented are a weighted average of the outstanding debt. Interest rate on variable-rate debt was calculated using the base rate and spreads in effect at December 31, 2017 and 2016.

(B) Effective interest rate ranged from 3.5% to 7.5% at December 31, 2017.

Senior Notes

In 2017, the Company issued \$350.0 million aggregate principal amount of 3.900% senior unsecured notes due August 2024 and \$450.0 million aggregate principal amount of 4.700% senior unsecured notes due June 2027. In 2017, the Company repaid all \$300.0 million aggregate principal amount of its 7.875% senior unsecured notes due September 2020 and \$300.0 million aggregate principal amount of its 4.75% senior unsecured notes due April 2018. In connection with the redemption of the senior unsecured notes, the Company paid make-whole amounts totaling \$58.5 million. These make-whole amounts are included in Other Income (Expense), net in the Company's consolidated statements of operations.

The Company's various fixed-rate senior notes have interest coupon rates that averaged 4.2% and 4.9% at December 31, 2017 and 2016, respectively. Senior notes with an aggregate principal amount of \$82.2 million may not be redeemed by the Company prior to maturity in July 2018 and will not be subject to any sinking fund requirements (Note 17). The remaining senior notes may be redeemed based upon a yield maintenance calculation.

The fixed-rate senior notes were issued pursuant to indentures that contain certain covenants, including limitation on incurrence of debt, maintenance of unencumbered real estate assets and debt service coverage. The covenants also require that the cumulative dividends declared or paid from December 31, 1993, through the end of the current period cannot exceed Funds From Operations (as defined in the agreement) plus an additional \$20.0 million for the same period unless required to maintain REIT status. Interest is paid semiannually in arrears. At December 31, 2017 and 2016, the Company was in compliance with all of the financial and other covenants under the indentures.

Total fees, excluding underwriting discounts, incurred by the Company for the issuance of senior notes were \$2.0 million in 2017.

Unsecured Term Loan

In 2017, the Company amended its \$400 million unsecured term loan with Wells Fargo Bank, National Association, as administrative agent, and PNC Bank, National Association and KeyBank National Association, as syndication agents (the "Unsecured Term Loan"). As a result, the maturity date of \$200 million Tranche A loans under the Unsecured Term Loan was extended to April 2018, with two one-year extension options upon the Company's request, provided certain conditions are satisfied and the maturity date for the remaining \$200 million of Tranche B loans under the facility was extended to January 2023. The Company may increase the amount of the facility provided that lenders agree to certain terms. The interest rate remains unchanged at variable rates based on LIBOR as defined in the loan agreements, plus a specified spread based on the Company's long-term senior unsecured debt rating (1.35% at December 31, 2017). The Company is required to comply with covenants similar to those contained in the Revolving Credit Facilities. The Company was in compliance with these financial covenants at December 31, 2017 and 2016.

Secured Term Loan

The Company maintained a collateralized term loan (the "Secured Term Loan") with a syndicate of financial institutions, for which KeyBank National Association served as the administrative agent. This facility was repaid in 2017. Borrowings under the Secured Term Loan bore interest at variable rates based on LIBOR, as defined in the loan agreement, plus a specified spread (1.35% at December 31, 2016) based on the Company's long-term senior unsecured debt rating. The collateral for the Secured Term Loan was real estate assets, or investment interests in certain assets, that were already encumbered by first mortgage loans. The Company was required to comply with covenants similar to those contained in the Revolving Credit Facilities. The Company was in compliance with these financial covenants at December 31, 2016.

Mortgages Payable

Mortgages payable, collateralized by real estate with a net book value of \$0.9 billion at December 31, 2017, and related tenant leases are generally due in monthly installments of principal and/or interest. Fixed contractual interest rates on mortgages payable range from approximately 3.4% to 9.8%.

Scheduled Principal Repayments

The scheduled principal payments of the Revolving Credit Facilities (Note 6) and unsecured and secured indebtedness, excluding extension options, as of December 31, 2017, are as follows (in thousands):

Year	Amount
2018	\$ 298,877
2019	182,511
2020	347,522
2021	392,970
2022	453,942
Thereafter	2,191,783
	<u>3,867,605</u>
Unamortized fair market value of assumed debt	2,875
Net unamortized debt issuance costs	<u>(21,168)</u>
Total indebtedness	<u>\$ 3,849,312</u>

Unsecured and secured financings in February 2018 are more fully described in Subsequent Events (Note 17).

Total gross fees paid by the Company for the Revolving Credit Facilities and term loans in 2017, 2016 and 2015 aggregated \$1.9 million, \$1.8 million and \$2.3 million, respectively.

8. Financial Instruments and Fair Value Measurements

The following methods and assumptions were used by the Company in estimating fair value disclosures of financial instruments:

Other Fair Value Instruments

Investments in unconsolidated joint ventures are considered financial assets. See discussion of fair value considerations of joint venture investments in Note 12.

Cash and Cash Equivalents, Restricted Cash, Accounts Receivable, Accounts Payable, Accrued Expenses and Other Liabilities

The carrying amounts reported in the Company's consolidated balance sheets for these financial instruments approximated fair value because of their short-term maturities.

Notes Receivable and Advances to Affiliates

The fair value is estimated using a discounted cash flow analysis in which the Company uses unobservable inputs such as market interest rates determined by the loan to value and market capitalization rates related to the underlying collateral at which management believes similar loans would be made and classified as Level 3 in the fair value hierarchy. The fair value of these notes was approximately \$299.0 million and \$445.2 million at December 31, 2017 and 2016, respectively, as compared to the carrying amounts of \$297.9 million and \$443.3 million, respectively.

Debt

The fair market value of senior notes is determined using the trading price of the Company's public debt. The fair market value for all other debt is estimated using a discounted cash flow technique that incorporates future contractual interest and principal payments and a market interest yield curve with adjustments for duration, optionality and risk profile, including the Company's non-performance risk and loan to value. The Company's senior notes and all other debt are classified as Level 2 and Level 3, respectively, in the fair value hierarchy.

Considerable judgment is necessary to develop estimated fair values of financial instruments. Accordingly, the estimates presented are not necessarily indicative of the amounts the Company could realize on disposition of the financial instruments.

Debt instruments with carrying values that are different than estimated fair values are summarized as follows (in thousands):

	December 31, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Senior Notes	\$ 2,810,100	\$ 2,884,272	\$ 2,913,217	\$ 3,009,232
Revolving Credit Facilities and term loans	398,130	400,119	598,242	600,050
Mortgage Indebtedness	641,082	653,185	982,509	1,009,884
	<u>\$ 3,849,312</u>	<u>\$ 3,937,576</u>	<u>\$ 4,493,968</u>	<u>\$ 4,619,166</u>

9. Commitments and Contingencies

Hurricane Casualty and Impairment Loss

In 2017, Hurricane Irma made landfall in both Puerto Rico and Florida, and Hurricane Maria made landfall in Puerto Rico. The Company's Florida assets were minimally impacted by Hurricane Irma, with the majority of repair costs related to debris removal.

At December 31, 2017, the Company owned 12 assets in Puerto Rico, aggregating 4.4 million square feet of Company-owned GLA. One of the 12 assets (Plaza Palma Real, consisting of approximately 0.4 million of Company-owned GLA) was severely damaged and is currently not operational, except for a few tenants representing a minimal amount of Company-owned GLA. The other 11 assets sustained varying degrees of damage, consisting primarily of roof and HVAC system damage and water intrusion. Following the storm, the properties operated primarily on generator power. Grid power was restored to the Company's properties throughout the fourth quarter. By the end of January 2018, all 12 of these assets had full utility power. With respect to the Company's anchor spaces comprising greater than 25,000 square feet of GLA in Puerto Rico, 26 or 79% of such tenants, were open as of December 31, 2017, including six of seven Walmart stores, a Sam's Club, both Home Depot stores, all three Sears/Kmart stores and all five grocery stores (including Pueblo, Econo and Selectos Supermarket). Although some tenant spaces are currently untenable, as of February 15, 2018, 85% of leased GLA was open for business, excluding Plaza Palma Real (76% including Plaza Palma Real).

The Company has engaged various consultants to assist with the damage scoping assessment. The Company is working with its consultants to finalize the scope and schedule of work to be performed. Restoration work has already started at certain shopping centers, including Plaza Palma Real. The Company has completed debris removal and temporary repairs to mechanical systems and building interiors, as well as roof and exterior building repairs to prevent further water intrusion and related damages. The Company anticipates that repairs will be substantially complete at eight of the 12 properties by the end of 2018. For the three largest properties as well as Plaza Palma Real, the Company anticipates that repair work will be substantially complete by the end of the third quarter 2019. The timing and schedule of additional repair work to be completed are highly dependent upon any changes in the scope of work as well as the availability of building materials, supplies and skilled labor.

The Company maintains insurance on its assets in Puerto Rico with policy limits of approximately \$330 million for both property damage and business interruption. The Company's insurance policies are subject to various terms and conditions, including a combined property damage and business interruption deductible of approximately \$6.0 million. The Company expects that its casualty insurance for property damage and business interruption claims will include the costs to clean up, repair and rebuild the properties, as well as lost revenue. Certain continental-U.S.-based anchor tenants maintain property insurance on their Company-owned premises and are expected to make the required repairs to their stores. The Company is unable to estimate the impact of potential increased costs associated with resource constraints in Puerto Rico relating to building materials, supplies and labor. The Company believes it maintains adequate insurance coverage on each of its properties and is working closely with the insurance carriers to obtain the maximum amount of insurance recovery provided under the policies. However, the Company can give no assurances as to the amounts of such claims, timing of payments and resolution of the claims.

As of December 31, 2017, the estimated net book value of the property damage written off for damage to the Company's Puerto Rico assets was \$71.0 million. However, the Company is still assessing the impact of the hurricane on its properties, and the final net book value write-offs could vary significantly from this estimate. Any changes to this estimate will be recorded in the periods in which they are determined.

The Company recorded a corresponding receivable of \$58.6 million for estimated insurance recoveries related to the net book value of the property damage written off as well as other expenses, as the Company believes it is probable that the insurance recovery, net of the deductible, will exceed the net book value of the damaged property. The outstanding receivable is recorded as Casualty Insurance Receivable on the Company's consolidated balance sheet as of December 31, 2017. The net impact of \$5.1 million representing the property damage insurance deductible is reflected as a Hurricane Casualty and Impairment Loss in the Company's

consolidated statement of operations for the year ended December 31, 2017. The Company received \$10.0 million toward its casualty insurance claim in December 2017.

The Company's business interruption insurance covers lost revenue through the period of property restoration and for up to 365 days following completion of restoration. For the year ended December 31, 2017, rental revenues of \$11.8 million were not recorded because of lost tenant revenue attributable to Hurricanes Irma and Maria that has been partially defrayed by insurance proceeds. The Company estimates the waiting period deductible for the business interruption claim to be \$0.9 million for the year ended December 31, 2017, which is included in the above \$11.8 million. The Company will record revenue for covered business interruption in the period it determines that it is probable it will be compensated. This income recognition criteria will likely result in business interruption insurance recoveries being recorded in a period subsequent to the period that the Company experiences lost revenue from the damaged properties. In the fourth quarter of 2017, the Company received insurance proceeds of approximately \$8.5 million related to business interruption claims, which is recorded on the Company's consolidated statement of operations as Business Interruption Income.

At December 31, 2017, six of the Puerto Rico assets were encumbered by mortgage notes aggregating \$263.4 million at a weighted-average interest rate of 4.9%. The Company was in compliance with these financial covenants at December 31, 2017. In February 2018, such mortgage notes were fully repaid (Note 17).

Legal Matters

The Company and its subsidiaries are subject to various legal proceedings, which, taken together, are not expected to have a material adverse effect on the Company. The Company is also subject to a variety of legal actions for personal injury or property damage arising in the ordinary course of its business, most of which are covered by insurance. While the resolution of all matters cannot be predicted with certainty, management believes that the final outcome of such legal proceedings and claims will not have a material adverse effect on the Company's liquidity, financial position or results of operations.

Separation Charges

The Company recorded separation charges aggregating \$17.9 million in 2017, which are included in General and Administrative expenses. The aggregate charge included primarily \$9.4 million related to the March 2, 2017, executive management transition, which was the result of the termination without cause of several of the Company's executives under the terms of their respective employment agreements. In addition, \$7.2 million related to the elimination of 65 positions, including nine officer level roles, in April 2017 as part of organization changes to further centralize key operational decision-making. The total charge included stock-based compensation expense of approximately \$4.5 million related to the acceleration of expense associated with the grant date fair value of the unvested stock-based awards.

Commitments and Guaranties

In conjunction with the development and expansion of various shopping centers, the Company has entered into agreements with general contractors for the construction or redevelopment of shopping centers aggregating approximately \$19.3 million as of December 31, 2017.

At December 31, 2017, the Company had letters of credit outstanding of \$17.3 million. The Company has not recorded any obligation associated with these letters of credit. The majority of the letters of credit are collateral for existing indebtedness and other obligations of the Company.

In connection with the sale of the Company's interest in a former unconsolidated joint venture (Note 2), the Company retained its pro rata guaranty obligation to fund amounts due to the joint venture's lender, aggregating \$4.0 million at December 31, 2017, under certain circumstances, until the loan matures in October 2020 if such amounts are not paid by the joint venture. The principal of the former joint venture partner is obligated to indemnify the Company in the event that the Company is required to make any payment in connection with this pro rata guaranty obligation and, accordingly, the Company did not record any liability related to this guaranty.

Leases

The Company is engaged in the operation of shopping centers that are either owned or, with respect to certain shopping centers, operated under long-term ground leases that expire at various dates through 2070, with renewal options. Space in the shopping centers is leased to tenants pursuant to agreements that provide for terms generally ranging from one month to 30 years and, in some cases, for annual rentals subject to upward adjustments based on operating expense levels, sales volume or contractual increases as defined in the lease agreements.

The scheduled future minimum rental revenues from rental properties under the terms of all non-cancelable tenant leases, assuming no new or renegotiated leases or option extensions for such premises and the scheduled minimum rental payments under the terms of all non-cancelable operating leases, principally ground leases, in which the Company is the lessee as of December 31, 2017, are as follows (in thousands):

Year	Minimum Rental Revenues	Minimum Rental Payments
2018	\$ 569,936	\$ 3,887
2019	503,242	3,478
2020	434,410	3,112
2021	360,858	3,121
2022	279,232	2,978
Thereafter	792,050	117,703
	<u>\$ 2,939,728</u>	<u>\$ 134,279</u>

10. Non-Controlling Interests, Preferred Shares, Common Shares and Common Shares in Treasury

Non-Controlling Interests

The Company had 369,176 OP Units outstanding at December 31, 2017 and 2016. These OP Units, issued to different partnerships, are exchangeable at the election of the OP Unit holder and, under certain circumstances at the option of the Company, exchangeable into an equivalent number of the Company's common shares or for the equivalent amount of cash. Most of these OP Units are subject to registration rights agreements covering shares equivalent to the number of OP Units held by the holder if the Company elects to settle in its common shares. The OP Units are classified on the Company's consolidated balance sheets as Non-Controlling Interests.

Preferred Shares

In 2017, the Company issued \$175.0 million of its newly designated 6.375% Class A Cumulative Redeemable Preferred Shares ("Class A Shares") at a price of \$500 per Class A Share (or \$25 per depositary share).

The depositary shares, representing the Class A Shares, Class J Cumulative Redeemable Preferred Shares ("Class J Shares") and the Class K Cumulative Redeemable Preferred Shares ("Class K Shares"), represent 1/20 of a Class A Preferred Share, Class J Share and Class K Share, respectively, and have a liquidation value of \$500 per share. The Class J depositary shares are redeemable by the Company. The Class A depositary shares are not redeemable by the Company prior to June 5, 2022, and the Class K depositary shares are not redeemable by the Company prior to April 9, 2018, except, in each case, in certain circumstances relating to the preservation of the Company's status as a REIT.

The Company's authorized preferred shares consist of the following:

- 750,000 of each: Class A, Class B, Class C, Class D, Class E, Class F, Class G, Class H, Class I, Class J and Class K Cumulative Redeemable Preferred Shares, without par value
- 750,000 Non-Cumulative Preferred Shares, without par value
- 2,000,000 Cumulative Voting Preferred Shares, without par value

Common Shares

The Company's common shares have a \$0.10 per share par value. Common share dividends declared were as follows:

	For the Year Ended December 31,		
	2017	2016	2015
Common share dividends declared per share	\$ 0.76	\$ 0.76	\$ 0.69

11. Other Comprehensive Loss

The changes in Accumulated OCI by component are as follows (in thousands):

	Gains and Losses on Cash Flow Hedges	Foreign Currency Items	Total
Balance, December 31, 2014	\$ (8,485)	\$ 1,133	\$ (7,352)
Other comprehensive income (loss) before reclassifications	1,203	(1,307)	(104)
Change in cash flow hedges reclassified to earnings ^(A)	1,173	—	1,173
Net current-period other comprehensive income (loss)	2,376	(1,307)	1,069
Balance, December 31, 2015	(6,109)	(174)	(6,283)
Other comprehensive income (loss) before reclassifications	1,491	(88)	1,403
Change in cash flow hedges reclassified to earnings ^(A)	688	—	688
Net current-period other comprehensive income (loss)	2,179	(88)	2,091
Balance, December 31, 2016	(3,930)	(262)	(4,192)
Other comprehensive income before reclassifications	1,002	1,256	2,258
Change in cash flow hedges reclassified to earnings ^(A)	828	—	828
Net current-period other comprehensive income	1,830	1,256	3,086
Balance, December 31, 2017	\$ (2,100)	\$ 994	\$ (1,106)

(A) In the Company's consolidated statements of operations, amortization of \$0.8 million was classified in Interest Expense for the year ended December 31, 2017. For the years ended December 31, 2016 and 2015, \$0.8 million and \$0.7 million, respectively, were classified in Interest Expense, partially offset by \$0.1 million of amortization classified in Equity in Net Income of Joint Ventures in both periods, which was previously recognized in Accumulated OCI. The year ended December 31, 2015, includes \$0.6 million classified in Other Income (Expense), net.

12. Impairment Charges, Impairment of Joint Venture Investments and Reserves

The Company recorded impairment charges and reserves based on the difference between the carrying value of the assets or investments and the estimated fair market value as follows (in millions):

	For the Year Ended December 31,		
	2017	2016	2015
Assets marketed for sale ^(A)	\$ 325.4	\$ 110.9	\$ 179.7
Undeveloped land previously held for development ^(B)	15.1	—	99.3
Total continuing operations	\$ 340.5	\$ 110.9	\$ 279.0
Reserve of preferred equity interests ^(C)	61.0	—	—
Joint venture investments	—	—	1.9
Total impairment charges	\$ 401.5	\$ 110.9	\$ 280.9

(A) The Company recorded impairment charges triggered by changes in its strategic plan that impacted its asset hold-period assumptions and/or expected future cash flows. During 2015, management accelerated the Company's then in place portfolio quality improvement initiative, which it intended to accomplish in part through the disposition of less strategic assets and undeveloped land. The disposition initiative triggered the recording of impairment charges on 25 operating shopping centers. In 2016, the Company's management and Board of Directors decided to increase the volume of asset sales beyond the level contemplated in 2015 primarily to accelerate progress on its deleveraging goal. As a result, the decision to accelerate sales triggered the recording of impairment charges on 20 operating shopping centers that management identified as short-term disposition candidates. During 2017, impairments were triggered related to changes in asset hold-period assumptions and/or expected future cash flows primarily in conjunction with the Company's change in executive management team and strategic direction. This change triggered the recording of impairment charges on 27 operating shopping centers in both the United States and Puerto Rico.

(B) Amounts recorded primarily were related to land previously held for future development. In 2017, the impairment was triggered primarily by an indicative bid. In 2015, the impairments were triggered primarily by the decision made by the Company's senior management to sell the land and no longer consider development alternatives.

(C) As a result of an aggregate valuation allowance on its preferred equity interests in the BRE DDR Joint Ventures (Note 2).

Items Measured at Fair Value on a Non-Recurring Basis

The Company is required to assess the fair value of certain impaired consolidated and unconsolidated joint venture investments. The valuation of impaired real estate assets and investments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each asset, as well as the income capitalization approach considering prevailing market capitalization rates, analysis of recent comparable sales transactions, actual sales negotiations and bona fide purchase offers received from third parties and/or consideration of the amount that currently would be required to replace the asset, as adjusted for obsolescence. In general, the Company considers multiple valuation techniques when measuring fair value of an investment. However, in certain circumstances, a single valuation technique may be appropriate.

For operational real estate assets, the significant assumptions included the capitalization rate used in the income capitalization valuation as well as the projected property net operating income. For projects under development or not at stabilization, the significant assumptions included the discount rate, the timing and the estimated costs for the construction completion and project stabilization, projected net operating income and the exit capitalization rate. For the valuation of the preferred equity interests, the significant assumptions used in the discounted cash flow analysis included the discount rate, projected net operating income, the timing of the expected redemption and the exit capitalization rates. For investments in unconsolidated joint ventures, the Company also considered the valuation of any underlying joint venture debt. These valuation adjustments were calculated based on market conditions and assumptions made by management at the time the valuation adjustments and impairments were recorded, which may differ materially from actual results if market conditions or the underlying assumptions change.

The following table presents information about the Company's impairment charges on both financial and nonfinancial assets that were measured on a fair value basis for the years ended December 31, 2017, 2016 and 2015. The table also indicates the fair value hierarchy of the valuation techniques used by the Company to determine such fair value (in millions).

	Fair Value Measurements				Total Impairment Charges
	Level 1	Level 2	Level 3	Total	
December 31, 2017					
Long-lived assets held and used	\$ —	\$ —	\$ 1,556.1	\$ 1,556.1	\$ 340.5
Preferred equity interests	—	—	272.0	272.0	61.0
December 31, 2016					
Long-lived assets held and used	—	—	438.2	438.2	110.9
December 31, 2015					
Long-lived assets held and used	—	—	407.1	407.1	279.0
Unconsolidated joint venture investments	—	—	—	—	1.9

The following table presents quantitative information about the significant unobservable inputs used by the Company to determine the fair value of non-recurring items (in millions, except price per square foot and price per acre, in thousands):

Description	Quantitative Information About Level 3 Fair Value Measurements			
	Fair Value at December 31, 2017	Valuation Technique	Unobservable Inputs	Range 2017
Impairment of consolidated assets	\$ 166.8	Indicative Bid(A)/ Contracted Price	Indicative Bid(A)/ Contracted Price	N/A
	882.6	Income Capitalization Approach/ Sales Comparison Approach	Market Capitalization Rate	6.25%–10%
	499.3	Discounted Cash Flow	Discount Rate	7.75%–9.5%
	7.4	Sales Comparison Approach	Terminal Capitalization Rate(B)	7.45%–21.39%
Reserve of preferred equity interests	272.0	Discounted Cash Flow	Discount Rate	8.4%–8.8%
			Terminal Capitalization Rate	7.8%–8.5%
			NOI Growth Rate	1%

Quantitative Information About Level 3 Fair Value Measurements

Description	Fair Value at		Valuation Technique	Unobservable Inputs	Range 2016
	December 31, 2016				
Impairment of consolidated assets	\$	13.4	Indicative Bid(A)/ Contracted Price	Indicative Bid(A)/ Contracted Price	N/A
		398.2	Income Capitalization Approach(C)/ Sales Comparison Approach	Market Capitalization Rate	7%–10%
				Price per Square Foot	\$15–\$31
		26.6	Indicative Bid(A)	Indicative Bid(A)	N/A
			Discounted Cash Flow	Discount Rate	10%–11%
				Terminal Capitalization Rate	10%–12%

(A) Fair value measurements based upon indicative bids were developed by third-party sources (including offers and comparable sales values), subject to the Company's corroboration for reasonableness. The Company does not have access to certain unobservable inputs used by these third parties to determine these estimated fair values.

(B) Weighted-average rate of 8.8%

(C) Vacant space in certain assets was valued based on a price per square foot.

13. Stock-Based Compensation Plans and Employee Benefits

Stock-Based Compensation

The Company's equity-based award plans provide for grants to Company employees and directors of incentive and non-qualified options to purchase common shares, rights to receive the appreciation in value of common shares, awards of common shares subject to restrictions on transfer, awards of common shares issuable in the future upon satisfaction of certain conditions and rights to purchase common shares and other awards based on common shares. Under the terms of the plans, awards available for grant were 5.5 million common shares at December 31, 2017.

Stock Options

Stock options may be granted at per-share prices not less than fair market value at the date of grant and must be exercised within the maximum contractual term of 10 years thereof. Options granted under the plans generally vest over three years in one-third increments, beginning one year after the date of grant.

The fair values for option awards granted were estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	For the Year Ended December 31,		
	2017	2016	2015
Weighted-average fair value of grants	\$ 1.28	\$ 1.61	\$ 2.35
Risk-free interest rate (range) – Based upon the U.S. Treasury Strip with a maturity date that approximates the expected term of the award	1.8%	1.1%–1.5%	1.4%–1.6%
Dividend yield (range) – Forecasted dividend yield based on the expected life	5.2%	4.5%–5.2%	4.1%–4.3%
Expected life (range) – Derived by referring to actual exercise experience	4 years	4–5 years	4–5 years
Expected volatility (range) – Derived by using a 50/50 blend of implied and historical changes in the Company's historical stock prices over a time frame consistent with the expected life of the award	19.8%	20.6%–22.5%	21.5%–23.4%

The following table reflects the stock option activity described above:

	Number of Options (Thousands)	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (Thousands)
Balance December 31, 2014	2,961	\$ 22.48		
Granted	557	19.26		
Exercised	(234)	12.85		
Forfeited	(472)	36.51		
Balance December 31, 2015	2,812	20.29		
Granted	633	16.74		
Exercised	(855)	11.62		
Forfeited	(784)	29.46		
Balance December 31, 2016	1,806	19.16		
Granted	154	14.43		
Exercised	(52)	7.33		
Forfeited	(731)	22.31		
Balance December 31, 2017	<u>1,177</u>	<u>\$ 17.11</u>	<u>5.6</u>	<u>\$ 196</u>
Options exercisable at December 31,				
2017	795	\$ 17.46	4.5	\$ 196
2016	1,038	20.49	4.5	1,608
2015	1,760	21.69	4.2	6,764

The following table summarizes the characteristics of the options outstanding at December 31, 2017:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Outstanding at 12/31/17 (Thousands)	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Exercisable at 12/31/17 (Thousands)	Weighted-Average Exercise Price
\$0.00–\$10.00	67	1.0	\$ 6.04	67	\$ 6.04
\$10.01–\$20.00	1,037	6.2	16.37	655	16.36
\$20.01–\$38.29	73	0.1	37.70	73	37.70
	<u>1,177</u>	<u>5.6</u>	<u>\$ 17.11</u>	<u>795</u>	<u>\$ 17.46</u>

The following table reflects the activity for unvested stock option awards for the year ended December 31, 2017:

	Options (Thousands)	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2016	768	\$ 1.97
Granted	154	1.28
Vested	(394)	2.11
Forfeited	(146)	1.75
Unvested at December 31, 2017	<u>382</u>	<u>\$ 1.63</u>

As of December 31, 2017, total unrecognized stock option compensation cost granted under the plans was \$0.3 million, which is expected to be recognized over a weighted-average 1.4-year term.

The following table summarizes the activity of employee stock option exercises that are primarily settled with newly issued common shares or with treasury shares, if available (in millions):

	For the Year Ended December 31,		
	2017	2016	2015
Cash received for exercise price	\$ 0.4	\$ 9.9	\$ 2.5
Intrinsic value	0.2	6.0	1.2

Restricted Share Awards and Units

The Board of Directors approved grants to executives of the Company of restricted common share units (“RSUs”) of 0.7 million in 2017 and 0.5 million in 2016 and restricted common share awards (“RSAs”) of 0.2 million in 2015. The restricted stock grants generally vest in equal annual amounts over a three- to four-year period. RSUs have the same cash dividends as other common stock. RSAs have the same cash dividend and voting rights as other common stock and are considered to be currently issued and outstanding. These grants have a weighted-average fair value at the date of grant ranging from \$8.78 to \$19.26, which was equal to the market value of the Company’s common shares at the date of grant. As a component of compensation to the Company’s non-employee directors, the Company issued 0.1 million common shares to the non-employee directors in each of the three years ended December 31, 2017. These grants were issued equal to the market value of the Company’s common shares at the date of grant and immediately vested upon grant.

In 2013, the Company’s Board of Directors approved and adopted the Value Sharing Equity Program (the “2013 VSEP”) and the grant of awards to certain of the Company’s executives. The final measurement date for the 2013 VSEP was December 31, 2015. These award grants are reflected as restricted stock and vest in equal annual amounts through December 31, 2018.

Performance-Based Restricted Share Units (PRsUs)

In 2017, the Board of Directors approved grants to the chief executive officer, chief operating officer and chief financial officer, PRsUs covering a “target” number of shares, subject to a performance period beginning on March 1, 2017, for one-year, two-year and three-year periods. The payout of the PRsUs will vary based on relative total shareholder return performance measured over the applicable performance period, with the ultimate payout ranging from a level of 0% of target to a maximum level of 200% of target (subject to reduction by one-third in the event that DDR’s absolute total shareholder return during the applicable performance period is negative). These grants have a fair value at the date of grant aggregating \$3.9 million, to be amortized ratably over the performance period ending on February 28, 2020.

2016 Value Sharing Equity Program

In 2016, the Company adopted the 2016 Value Sharing Equity Program (the “2016 VSEP”), and performance awards under the VSEP were granted to certain officers. Awards under the 2016 VSEP, if earned, may result in the granting of common shares of the Company and time-vested RSUs to participants on future measurement dates based on a performance period beginning on February 9, 2016 and ending on December 31, 2018 (the “Performance Period”). As a result, in general, the total compensation available to participants under the 2016 VSEP, if any, will be fully earned only after approximately seven years (the Performance Period and the final four-year, time-based vesting period for RSUs).

The 2016 VSEP was designed to allow the Company to reward participants for contributing to its financial performance and to allow such participants to share in “Value Created” (as defined below), based upon increases in DDR’s adjusted market capitalization over an initial market capitalization, using a starting share price of \$17.41 per share (the “Starting Share Price”), over pre-established periods. Participants are granted performance-based awards which, if earned, are settled 20% in DDR common shares and 80% in RSUs generally subject to time-based vesting requirements for a period of four years.

Pursuant to the award terms, on two remaining specified measurement dates in 2018, DDR will measure the “Value Created” during the period between the start of the 2016 VSEP and the applicable measurement date. Value Created is measured for each period for the performance awards as the increase in DDR’s market capitalization on the applicable measurement date (i.e., the product of DDR’s five-day trailing average share price as of each measurement date (price-only appreciation, not total shareholder return) and the number of shares outstanding as of the measurement date), as adjusted for equity issuances and/or equity repurchases, over DDR’s initial market capitalization at the start of the 2016 VSEP utilizing the Starting Share Price. The ending share price used for purposes of determining Value Created for the performance awards during any measurement period is capped at \$25.35 (“Maximum Ending Share Price”). Because DDR’s initial market capitalization is based on the Starting Share Price, there are no performance awards earned until DDR’s share price exceeds \$17.41.

Each participant has been assigned a “percentage share” of the Value Created for the performance awards, and the aggregate percentage share for all participants for the performance awards is 1.4909%. In addition, each participant’s aggregate total share of Value Created for the performance awards is capped at an individual maximum dollar limit. For the June 30, 2018, measurement date, each participant may earn “performance award shares” (settled as discussed below) with an aggregate value equal to five-sixths of the participant’s percentage share of the Value Created for this award. After the final measurement date, December 31, 2018 (or, if earlier, upon a change in control, as defined in the 2016 VSEP), each participant may earn performance award shares with an aggregate value equal to the participant’s full percentage share of the Value Created. In addition, for each measurement date, the number of performance award shares earned by a participant will be reduced by the number of performance award shares previously earned by the participant for prior measurement periods. As of December 31, 2017, no awards were granted pursuant to the 2016 VSEP.

Unless otherwise determined by DDR, the DDR common shares subject to awards earned under the performance awards will generally be subject to additional service-based restrictions that are expected to lapse in 20% annual increments on (or within 60 days after) the applicable measurement date and on each of the first four anniversaries of the applicable measurement date. After vesting, RSUs will be paid in the form of one common share for each such vested RSU. The fair value of the 2016 VSEP grants was estimated on the date of grant using a Monte Carlo approach model based on the following assumptions:

	Range
Risk-free interest rate	0.8%
Weighted-average dividend yield	5.0%
Expected life	3 years
Expected volatility	17%–19%

Summary of Unvested Share Awards

The following table reflects the activity for the unvested awards pursuant to all restricted stock grants and grants pursuant to the 2013 VSEP plans for the year ended December 31, 2017:

	Awards (Thousands)	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2016	459	\$ 16.74
Granted	686	13.86
Vested	(473)	15.89
Forfeited	(29)	17.20
Unvested at December 31, 2017	<u>643</u>	<u>\$ 14.28</u>

As of December 31, 2017, total unrecognized compensation for the restricted awards granted under the plans as summarized above was \$11.3 million, which is expected to be recognized over a weighted-average 2.1-year term, which includes the performance-based and time-based vesting periods.

Deferred Compensation Plans

The Company maintains a 401(k) defined contribution plan covering substantially all of the officers and employees of the Company in accordance with the provisions of the Code. Also, for certain officers, the Company maintains the Elective Deferred Compensation Plan and DDR Corp. Equity Deferred Compensation Plan, both non-qualified plans, which permit the deferral of base salaries, commissions and annual performance-based cash bonuses or receipt of restricted shares. In addition, directors of the Company are permitted to defer all or a portion of their fees pursuant to the Directors' Deferred Compensation Plan, a non-qualified plan. All of these plans were fully funded at December 31, 2017.

14. Earnings Per Share

The following table provides a reconciliation of net (loss) income from continuing operations and the number of common shares used in the computations of “basic” earnings per share (“EPS”), which utilizes the weighted-average number of common shares outstanding without regard to dilutive potential common shares, and “diluted” EPS, which includes all such shares (in thousands, except per share amounts):

	For the Year Ended December 31,		
	2017	2016	2015
Numerators – Basic and Diluted			
Continuing Operations:			
Loss from continuing operations	\$ (404,296)	\$ (12,187)	\$ (237,881)
Plus: Gain on disposition of real estate	161,164	73,386	167,571
Plus: Loss (income) attributable to non-controlling interests	1,447	(1,187)	(1,858)
Less: Preferred dividends	(28,759)	(22,375)	(22,375)
Less: Earnings attributable to unvested shares and OP Units	(989)	(786)	(1,286)
Net (loss) income attributable to common shareholders after allocation to participating securities	\$ (271,433)	\$ 36,851	\$ (95,829)
Denominators – Number of Shares			
Basic – Average shares outstanding	367,362	365,294	360,946
Effect of dilutive securities – Stock options	—	267	—
Diluted – Average shares outstanding	367,362	365,561	360,946
(Loss) Earnings Per Share:			
Basic	\$ (0.74)	\$ 0.10	\$ (0.27)
Diluted	\$ (0.74)	\$ 0.10	\$ (0.27)

Basic average shares outstanding do not include restricted shares totaling 0.6 million, 0.5 million and 0.7 million that were not vested at December 31, 2017, 2016 and 2015, respectively (Note 13).

The following potentially dilutive securities were considered in the calculation of EPS:

Potentially Dilutive Securities

- Options to purchase 1.2 million, 1.8 million and 2.8 million common shares were outstanding at December 31, 2017, 2016 and 2015, respectively (Note 13). These outstanding options were not considered in the computation of diluted EPS for the years ended December 31, 2017 and 2015, as the options were anti-dilutive due to the Company’s loss from continuing operations.
- Performance Share Units were not considered in the computation of diluted EPS for the years ended December 31, 2017, as the calculation was anti-dilutive. The Performance Share Units were not outstanding for the year ended December 31, 2016 and 2015, and accordingly were not considered in the calculation.
- Shares subject to issuance under the Company’s 2016 VSEP (Note 13) were not considered in the computation of diluted EPS for the years ended December 31, 2017 and 2016, as the calculation was anti-dilutive. The 2016 VSEP was not outstanding for the year ended December 31, 2015, and accordingly was not considered in the calculation.
- The exchange into common shares associated with OP Units was not included in the computation of diluted shares outstanding for all periods presented because the effect of assuming conversion was anti-dilutive (Note 10).

15. Income Taxes

The Company elected to be treated as a REIT under the Internal Revenue Code of 1986, as amended, commencing with its taxable year ended December 31, 1993. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement that the Company distribute at least 90% of its taxable income to its shareholders. It is management’s current intention to adhere to these requirements and maintain the Company’s REIT status. As a REIT, the Company generally will not be subject to corporate level federal income tax on taxable income it distributes to its shareholders. As the Company distributed sufficient taxable income for each of the three years ended December 31, 2017, no U.S. federal income or excise taxes were incurred.

If the Company fails to qualify as a REIT in any taxable year, it will be subject to federal income taxes at regular corporate rates and may not be able to qualify as a REIT for the four subsequent taxable years. Even if the Company qualifies for taxation as a REIT,

the Company may be subject to certain foreign, state and local taxes on its income and property and to federal income and excise taxes on its undistributed taxable income. In addition, the Company has a TRS that is subject to federal, state and local income taxes on any taxable income generated from its operational activity.

In order to maintain its REIT status, the Company must meet certain income tests to ensure that its gross income consists of passive income and not income from the active conduct of a trade or business. The Company utilizes its TRS to the extent certain fee and other miscellaneous non-real estate-related income cannot be earned by the REIT.

The tax cost basis of assets was \$9.1 billion and \$9.8 billion at December 31, 2017 and 2016, respectively. For the years ended December 31, 2017, 2016 and 2015, the Company recorded a net payment of \$0.7 million, \$1.0 million and \$1.5 million, respectively, related to taxes. The net payment for the year ended December 31, 2015, does not include the 2015 Puerto Rico tax prepayment of \$20.2 million. These amounts reflect taxes paid to federal and state authorities for franchise and other taxes.

In 2015, in accordance with temporary legislation of the Puerto Rico Internal Revenue Code, the Company made a voluntary election to prepay \$20.2 million of taxes related to the built-in gains associated with the real estate assets in Puerto Rico and restructured the ownership of its then 14 assets in Puerto Rico. The net balance sheet impact to the December 31, 2015 consolidated financial statements related to the restructuring was \$16.8 million. The Company recorded a tax expense of \$3.4 million during 2015 related to the 2% effective tax rate spread between the 12% tax payment and the 10% withholding tax rate. This election permitted the Company to step up its tax basis in the Puerto Rican assets to the current estimated fair value while reducing its effective capital gains tax rate from 29% to 12%. In 2017, the Company sold two of the assets in Puerto Rico and released \$1.4 million of the prepaid tax asset. Also in 2017, the Company established a valuation allowance of \$10.8 million on the remaining prepaid tax asset triggered by the change in asset hold-period assumptions related to its change in strategic direction for the Puerto Rico properties (Note 12). The Puerto Rico net prepaid tax of \$4.0 million at December 31, 2017, is included in Other Assets (Note 5).

In addition, effective January 1, 2015, the Company entered into a closing agreement with the Puerto Rico Secretary of Treasury that now treats the Company as a Puerto Rico REIT, eliminating the requirement to record current and deferred income taxes for 2015 and forward. To the extent the Company qualifies as a REIT under the IRS guidelines, the Company will not be subject to income tax. However, taxable distributions made to its shareholders will be subject to a 10% withholding tax, which is treated as additional dividend/equity and not an income tax on the Company's financial statements.

The following represents the combined activity of the Company's TRS (in thousands):

	For the Year Ended December 31,		
	2017	2016	2015
Book income (loss) before income taxes	\$ 11,180	\$ 9,953	\$ (1,446)
Current	\$ 459	\$ 17	\$ —
Deferred	—	—	—
Total income tax expense	<u>\$ 459</u>	<u>\$ 17</u>	<u>\$ —</u>

The differences between total income tax expense and the amount computed by applying the statutory income tax rate to income before taxes with respect to its TRS activity were as follows (in thousands):

TRS	For the Year Ended December 31,		
	2017	2016	2015
Statutory Rate	34%	34%	34%
Statutory rate applied to pre-tax income	\$ 3,801	\$ 3,384	\$ (492)
State tax expense net of federal income tax	254	498	(72)
State deferred tax expense net of federal income tax	724	—	—
Permanent items	(241)	—	—
Deferred tax impact of federal rate change	19,391	—	—
Valuation allowance decrease based on impact of federal rate change ^(A)	(23,470)	(4,039)	(1,169)
Other	—	174	1,733
Total expense	<u>\$ 459</u>	<u>\$ 17</u>	<u>\$ —</u>
Effective tax rate	<u>4.11%</u>	<u>0.17%</u>	<u>0.00%</u>

(A) For the year ended December 31, 2017, includes \$19.4 million deferred tax impact of federal tax rate change.

Deferred tax assets and liabilities of the Company's TRS were as follows (in thousands):

	For the Year Ended December 31,	
	2017	2016
Deferred tax assets ^(A)	\$ 37,940	\$ 61,742
Deferred tax liabilities	(72)	(404)
Valuation allowance	(37,868)	(61,338)
Net deferred tax asset	\$ —	\$ —

(A) Primarily attributable to net operating losses, aggregating \$24.9 million at December 31, 2017, and interest expense, subject to limitations and basis differentials in assets due to purchase price accounting. The TRS net operating loss carryforwards will expire in varying amounts between the years 2022 through 2035.

Reconciliation of GAAP net (loss) income attributable to DDR to taxable income is as follows (in thousands):

	For the Year Ended December 31,		
	2017	2016	2015
GAAP net (loss) income attributable to DDR	\$ (241,685)	\$ 60,012	\$ (72,168)
Plus: Book depreciation and amortization ^(A)	336,530	376,493	385,696
Less: Tax depreciation and amortization ^(A)	(214,298)	(224,766)	(228,882)
Book/tax differences on losses from capital transactions	(195,294)	(155,170)	(149,507)
Joint venture equity in earnings, net ^(A)	(9,537)	(3,802)	8,491
Deferred income	(26,032)	(8,352)	(4,293)
Compensation expense	4,093	(5,237)	(18,879)
Impairment charges	406,580	110,906	280,930
Senior convertible notes – accretion adjustment	—	—	9,954
Senior convertible notes – repurchase premium	—	—	(52,390)
Puerto Rico tax prepayment	12,237	—	(16,812)
Miscellaneous book/tax differences, net	8,409	(2,625)	(10,204)
Taxable income before adjustments	81,003	147,459	131,936
Less: Capital gains	—	—	—
Taxable income subject to the 90% dividend requirement	\$ 81,003	\$ 147,459	\$ 131,936

(A) Depreciation expense from majority-owned subsidiaries and affiliates, which is consolidated for financial reporting purposes but not for tax reporting purposes, is included in the reconciliation item "Joint venture equity in earnings, net."

Reconciliation between cash dividends paid and the dividends paid deduction is as follows (in thousands):

	For the Year Ended December 31,		
	2017	2016	2015
Dividends paid	\$ 304,973	\$ 293,031	\$ 264,243
Plus: Deemed dividends on convertible debt	—	—	14,159
Less: Dividends designated to prior year	(5,594)	(5,594)	(5,594)
Plus: Dividends designated from the following year	8,383	5,594	5,594
Less: Return of capital	(226,759)	(145,572)	(146,466)
Dividends paid deduction	\$ 81,003	\$ 147,459	\$ 131,936

16. Segment Information

The tables below present information about the Company's reportable operating segments (in thousands):

	For the Year Ended December 31, 2017			
	Shopping Centers	Loan Investments	Other	Total
Total revenues	\$ 921,531	\$ 57		\$ 921,588
Rental operation expenses	(250,906)	(11)		(250,917)
Net operating income	670,625	46		670,671
Impairment charges	(340,480)			(340,480)
Hurricane casualty and impairment loss	(5,930)			(5,930)
Depreciation and amortization	(346,204)			(346,204)
Interest income		28,364		28,364
Other income (expense), net			\$ (68,003)	(68,003)
Unallocated expenses(A)			(290,919)	(290,919)
Equity in net income of joint ventures	8,837			8,837
Reserve of preferred equity interests	(61,000)			(61,000)
Gain on sale and change in control of interests, net	368			368
Loss from continuing operations				\$ (404,296)
As of December 31, 2017:				
Total gross real estate assets	\$ 8,248,003			\$ 8,248,003
Notes receivable, net(B)		\$ 297,451	\$ (277,776)	\$ 19,675

	For the Year Ended December 31, 2016			
	Shopping Centers	Loan Investments	Other	Total
Total revenues	\$ 1,005,761	\$ 44		\$ 1,005,805
Rental operation expenses	(276,866)	(218)		(277,084)
Net operating income (loss)	728,895	(174)		728,721
Impairment charges	(110,906)			(110,906)
Depreciation and amortization	(389,519)			(389,519)
Interest income		37,054		37,054
Other income (expense), net			\$ 3,322	3,322
Unallocated expenses(A)			(295,471)	(295,471)
Equity in net income of joint ventures	15,699			15,699
Loss on sale and change in control of interests, net	(1,087)			(1,087)
Loss from continuing operations				\$ (12,187)
As of December 31, 2016:				
Total gross real estate assets	\$ 9,244,058			\$ 9,244,058
Notes receivable, net(B)		\$ 442,826	\$ (393,323)	\$ 49,503

	For the Year Ended December 31, 2015			
	Shopping Centers	Loan Investments	Other	Total
Total revenues	\$ 1,027,934	\$ 137		\$ 1,028,071
Rental operation expenses	(293,578)	(115)		(293,693)
Net operating income	734,356	22		734,378
Impairment charges	(279,021)			(279,021)
Depreciation and amortization	(402,045)			(402,045)
Interest income		29,213		29,213
Other income (expense), net			\$ (1,739)	(1,739)
Unallocated expenses(A)			(321,395)	(321,395)
Equity in net loss of joint ventures	(3,135)			(3,135)
Impairment of joint venture investments	(1,909)			(1,909)
Gain on sale and change in control of interests, net	7,772			7,772
Loss from continuing operations				\$ (237,881)
As of December 31, 2015:				
Total gross real estate assets	\$ 10,128,199			\$ 10,128,199
Notes receivable, net(B)		\$ 437,144	\$ (394,610)	\$ 42,534

(A) Unallocated expenses consist of General and Administrative Expenses, Interest Expense and Tax Expense as listed in the Company's consolidated statements of operations.

(B) Amount includes loans to affiliates classified in Investments in and Advances to Joint Ventures on the Company's consolidated balance sheets.

17. Subsequent Events

In February 2018, RVI, a wholly-owned subsidiary of the Company, entered into a \$1.35 billion mortgage loan in connection with the Company's previously announced plan to spin off 50 properties in mid-year 2018 into a separate publicly-traded REIT. The mortgage loan matures in February 2021 and is subject to two one-year extension options, at the Company's option, provided certain conditions are met. The mortgage loan is secured by 38 properties owned by RVI in the continental U.S. and by a pledge of the equity of RVI's subsidiaries that own 12 properties in Puerto Rico. The mortgage loan bears interest at an initial annual rate of one-month LIBOR plus 330 basis points, provided that such spread is subject to amendment upon the occurrence of certain events as well as defined increases during each extension period. In connection with this financing, the Company entered into an interest rate cap agreement for a notional amount of \$1.35 billion having a LIBOR strike rate of 3.0%. The loan is structured as an interest only loan subject to certain amortization requirements in the event RVI's continental U.S. properties fail to meet certain debt yield thresholds on or after the first anniversary of the closing.

Proceeds from the mortgage loan were used to repay \$452.5 million of outstanding mortgage debt and \$856.5 million aggregate principal amount of senior unsecured notes with maturity dates ranging from July 2018 to February 2025, which were accepted for payment on February 16, 2018.

18. Quarterly Results of Operations (Unaudited)

The following table sets forth the quarterly results of operations for the years ended December 31, 2017 and 2016 (in thousands, except per share amounts):

	2017				2016			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	\$ 240,421	\$ 236,187	\$ 227,424	\$ 217,556	\$ 254,423	\$ 257,321	\$ 253,800	\$ 240,261
Net (loss) income attributable to DDR	(54,241)	29,611	983	(218,038) (A)	45,573	41,058	(60,360)	33,741
Net (loss) income attributable to common shareholders	(59,835)	23,212	(7,400)	(226,421) (A)	39,980	35,464	(65,954)	28,147
Basic:								
Net (loss) income per common share attributable to common shareholders	\$ (0.16)	\$ 0.06	\$ (0.02)	\$ (0.62)	\$ 0.11	\$ 0.10	\$ (0.18)	\$ 0.08
Weighted-average number of shares	366,430	366,987	367,686	368,320	364,691	364,976	365,508	365,965
Diluted:								
Net (loss) income per common share attributable to common shareholders	\$ (0.16)	\$ 0.06	\$ (0.02)	\$ (0.62)	\$ 0.11	\$ 0.10	\$ (0.18)	\$ 0.08
Weighted-average number of shares	366,430	367,030	367,686	368,320	365,042	365,318	365,508	366,075

(A) Includes impairment charges of \$280.1 million for the three months ended December 31, 2017.

DDR Corp.
Valuation and Qualifying Accounts and Reserves
For the Years Ended December 31, 2017, 2016 and 2015
(In thousands)

	Balance at Beginning of Year	Charged to Expense	Deductions	Balance at End of Year
Year ended December 31, 2017				
Allowance for uncollectible accounts ^(A)	\$ 12,110	\$ 70,824	\$ (3,435)	\$ 86,369
Valuation allowance for deferred and prepaid tax assets ^(B)	\$ 61,338	\$ 10,794	\$ 23,470	\$ 48,662
Year ended December 31, 2016				
Allowance for uncollectible accounts ^(A)	\$ 10,207	\$ 4,471	\$ 2,568	\$ 12,110
Valuation allowance for deferred tax assets	\$ 65,377	\$ —	\$ 4,039	\$ 61,338
Year ended December 31, 2015				
Allowance for uncollectible accounts ^(A)	\$ 26,389	\$ 4,964	\$ 21,146	\$ 10,207
Valuation allowance for deferred tax assets	\$ 84,503	\$ —	\$ 19,126	\$ 65,377

(A) Includes allowances on accounts receivable, straight-line rents, notes receivable and reserve of preferred equity interests (\$61.0 million).

(B) Amounts charged to expense are discussed further in Note 15.

DDR Corp.
Real Estate and Accumulated Depreciation
December 31, 2017
(In thousands)

	Initial Cost			Total Cost(1)			Accumulated Depreciation(2)	Total Cost, Net of Accumulated			Date of Construction (C)
	Buildings & Improvements			Buildings & Improvements				Depreciation	Encumbrances	Acquisition (A)	
	Land	Improvements	Improvements	Land	Improvements	Total					
Goodyear, AZ	\$ 11,859	\$ 42,882	\$ —	\$ 11,399	\$ 41,632	\$ 53,031	\$ 3,008	\$ 50,023	\$ —	2016 (A)	
Phoenix, AZ	18,701	18,811	118	18,701	22,424	41,125	8,124	33,001	—	1999 (A)	
Phoenix, AZ	15,352	22,813	1,601	15,352	27,450	42,802	15,848	26,954	29,584	2003 (A)	
Phoenix, AZ	15,090	36,880	—	18,399	41,566	59,965	8,960	51,005	—	2012 (A)	
Phoenix, AZ	34,201	88,475	—	34,201	108,485	142,686	20,093	122,593	—	2012 (A)	
Tucson, AZ	19,298	94,117	—	18,341	93,955	112,296	18,328	93,968	—	2012 (A)	
Buena Park, CA	27,269	21,427	—	27,269	21,976	49,245	2,134	47,111	—	2015 (A)	
Fontana, CA	23,861	57,931	—	23,861	61,780	85,641	6,799	78,842	—	2014 (A)	
Long Beach, CA	—	147,918	—	—	194,873	194,873	69,731	125,142	—	2005 (C)	
Oakland, CA	4,361	33,538	—	4,361	33,538	37,899	5,262	32,637	—	2013 (A)	
Roseville, CA	23,574	67,031	—	23,574	67,704	91,278	8,243	83,035	—	2014 (A)	
San Francisco, CA	10,464	25,730	—	10,464	26,054	36,518	11,184	25,334	—	2002 (A)	
Vista, CA	12,677	47,145	—	11,576	45,462	57,038	5,394	51,644	—	2014 (A)	
Aurora, CO	4,816	20,798	—	4,259	20,029	24,288	3,286	21,002	—	2013 (A)	
Centennial, CO	7,833	35,550	—	8,082	65,098	73,180	37,817	35,363	—	1997 (C)	
Colorado Springs, CO	9,001	47,671	—	9,001	55,405	64,406	9,506	54,900	18,443	2011 (A)	
Denver, CO	20,733	22,818	—	20,804	29,280	50,084	13,415	36,669	—	2003 (A)	
Parker, CO	4,632	38,256	—	4,632	39,415	44,047	5,482	38,565	—	2013 (A)	
Guilford, CT	4,588	41,892	—	6,209	60,274	66,483	3,826	62,657	—	2015 (C)	
Plainville, CT	17,528	59,777	—	17,528	67,287	84,815	10,612	74,203	—	2013 (A)	
Windsor Court, CT	6,090	11,745	—	6,090	12,424	18,514	4,300	14,214	—	2007 (A)	
Bradenton, FL	10,766	31,203	—	8,880	33,692	42,572	10,477	32,095	—	2007 (A)	
Brandon, FL	—	4,111	—	—	7,419	7,419	5,444	1,975	—	1972 (C)	
Brandon, FL	4,775	13,117	—	4,775	18,868	23,643	4,894	18,749	—	2009 (A)	
Brandon, FL	2,938	13,685	—	2,938	13,891	16,829	2,181	14,648	—	2013 (A)	
Homestead, FL	23,390	59,639	—	21,667	53,550	75,217	15,911	59,306	—	2008 (C)	
Miami, FL	11,626	30,457	—	34,943	121,280	156,223	38,110	118,113	—	2006 (C)	
Naples, FL	10,172	39,342	—	10,172	39,226	49,398	5,556	43,842	—	2013 (A)	
Orlando, FL	9,169	23,473	—	9,169	23,606	32,775	2,356	30,419	—	2015 (A)	
Orlando, FL	23,082	44,360	—	23,082	44,399	67,481	3,242	64,239	—	2015 (A)	
Orlando, FL	8,528	56,684	—	12,035	74,881	86,916	3,395	83,521	—	2016 (C)	
Palm Harbor, FL	1,137	4,089	—	1,137	5,122	6,259	3,535	2,724	—	1995 (A)	
Plant City, FL	4,304	24,875	—	4,304	32,333	36,637	5,283	31,354	—	2013 (A)	
Plantation, FL	21,729	37,331	—	22,112	96,616	118,728	36,849	81,879	43,334	2007 (A)	
Spring Hill, FL	1,084	4,816	266	2,096	12,511	14,607	9,096	5,511	1,089	1988 (C)	
Tallahassee, FL	1,881	2,956	—	1,311	8,500	9,811	3,017	6,794	—	2003 (A)	
Tampa, FL	4,124	20,082	—	4,124	21,839	25,963	3,917	22,046	—	2013 (A)	

DDR Corp.
Real Estate and Accumulated Depreciation
December 31, 2017
(In thousands)

	Initial Cost			Total Cost(1)			Accumulated Depreciation(2)	Total Cost, Net of Accumulated		Date of Construction (C) Acquisition (A)
	Buildings &		Improvements	Buildings &		Total		Depreciation	Encumbrances	
	Land	Improvements		Land	Improvements					
Tarpon Springs, FL	146	7,382	81	146	10,090	10,236	7,926	2,310	—	1974 (C)
Tequesta, FL	2,108	7,400	—	1,690	12,531	14,221	4,444	9,777	—	2007 (A)
Valrico, FL	3,282	12,190	—	2,466	16,451	18,917	6,245	12,672	—	2007 (A)
Winter Garden, FL	38,945	130,382	—	38,945	133,626	172,571	21,479	151,092	—	2013 (A)
Atlanta, GA	14,078	41,050	—	14,078	47,205	61,283	11,590	49,693	40,969	2009 (A)
Cumming, GA	14,249	23,653	—	14,249	25,886	40,135	12,842	27,293	—	2003 (A)
Cumming, GA	6,851	49,659	—	6,851	50,062	56,913	8,533	48,380	—	2013 (A)
Douglasville, GA	6,812	24,645	—	6,812	26,064	32,876	4,207	28,669	—	2013 (A)
Marietta, GA	8,425	27,737	—	8,380	29,449	37,829	8,145	29,684	—	2009 (A)
Newnan, GA	2,858	15,248	—	2,651	15,940	18,591	6,291	12,300	—	2003 (A)
Roswell, GA	6,566	15,005	—	7,894	25,304	33,198	10,208	22,990	—	2007 (A)
Snellville, GA	10,185	51,815	—	10,342	57,598	67,940	20,600	47,340	19,990	2007 (A)
Suwanee, GA	13,479	23,923	—	13,335	33,307	46,642	15,703	30,939	—	2003 (A)
Meridian, ID	24,591	31,779	—	24,841	67,594	92,435	30,942	61,493	—	2001 (C)
Chicago, IL	22,642	82,754	—	22,642	83,057	105,699	9,825	95,874	—	2014 (A)
Chicago, IL	23,588	45,632	—	23,588	45,632	69,220	1,683	67,537	—	2017 (A)
McHenry, IL	1,294	5,251	—	7,704	43,676	51,380	19,879	31,501	—	2006 (C)
Schaumburg, IL	27,466	84,679	—	27,466	94,451	121,917	13,591	108,326	—	2013 (A)
Tinley Park, IL	9,120	37,496	—	9,120	50,925	60,045	11,436	48,609	—	2012 (A)
Evansville, IN	8,964	18,764	—	5,394	13,928	19,322	6,482	12,840	—	2007 (A)
Merriam, KS	15,043	55,028	—	15,043	55,996	71,039	7,829	63,210	—	2013 (A)
Bowie, MD	5,739	14,301	—	738	6,092	6,830	4,811	2,019	—	2007 (A)
Salisbury, MD	2,070	12,495	277	2,071	15,300	17,371	8,105	9,266	—	1999 (C)
Everett, MA	9,311	44,647	—	9,462	56,628	66,090	27,677	38,413	—	2001 (C)
Framingham, MA	75,675	191,594	—	75,675	205,194	280,869	29,915	250,954	—	2013 (A)
Grand Rapids, MI	3,380	17,323	—	3,380	26,979	30,359	15,982	14,377	—	1995 (A)
Grandville, MI	6,483	18,933	—	5,069	16,556	21,625	3,300	18,325	—	2013 (A)
Coon Rapids, MN	25,692	106,300	—	25,314	116,187	141,501	16,561	124,940	—	2013 (A)
Maple Grove, MN	8,917	23,954	—	8,917	27,319	36,236	5,998	30,238	—	2011 (A)
St. Paul, MN	7,150	21,558	—	7,150	23,120	30,270	5,425	24,845	—	2013 (A)
Gulfport, MS	—	36,370	—	—	57,829	57,829	26,436	31,393	—	2003 (A)
Tupelo, MS	2,213	14,979	—	2,213	19,555	21,768	13,375	8,393	—	1994 (A)
Brentwood, MO	10,018	32,053	—	10,018	36,862	46,880	20,149	26,731	—	1998 (A)
Independence, MO	5,011	45,752	—	5,011	48,382	53,393	8,963	44,430	—	2012 (A)
Seabrook, NH	18,032	68,663	—	8,526	36,678	45,204	6,876	38,328	—	2014 (C)
East Hanover, NJ	3,847	23,798	—	3,847	25,561	29,408	8,724	20,684	—	2007 (A)
Edgewater, NJ	7,714	30,473	—	7,714	31,288	39,002	10,819	28,183	—	2007 (A)

DDR Corp.
Real Estate and Accumulated Depreciation
December 31, 2017
(In thousands)

	Initial Cost			Total Cost(1)			Accumulated Depreciation(2)	Total Cost, Net of Accumulated		Date of Construction (C) Acquisition (A)
	Buildings &		Improvements	Buildings &		Total		Depreciation	Encumbrances	
	Land	Improvements		Land	Improvements					
Freehold, NJ	2,460	2,475	—	3,166	3,675	6,841	1,008	5,833	—	2005 (C)
Hamilton, NJ	8,039	49,896	—	11,774	86,615	98,389	37,712	60,677	—	2003 (A)
Mays Landing, NJ	49,033	107,230	—	45,353	113,920	159,273	52,022	107,251	56,009	2004 (A)
Mays Landing, NJ	36,224	56,949	—	34,535	61,069	95,604	27,571	68,033	—	2004 (A)
Princeton, NJ	13,448	74,249	—	14,455	99,199	113,654	55,380	58,274	53,747	1997 (A)
Union, NJ	7,650	15,689	—	7,650	25,015	32,665	8,753	23,912	—	2007 (A)
West Long Branch, NJ	14,131	51,982	—	14,131	71,858	85,989	26,166	59,823	—	2004 (A)
Horsesheds, NY	829	3,630	—	4,008	24,829	28,837	9,063	19,774	—	2008 (C)
Apex, NC	9,576	43,619	—	10,521	56,320	66,841	20,183	46,658	—	2006 (C)
Charlotte, NC	27,707	45,021	—	27,707	50,682	78,389	11,751	66,638	—	2011 (A)
Charlotte, NC	11,224	82,124	—	11,224	92,061	103,285	17,761	85,524	—	2012 (A)
Charlotte, NC	3,600	30,392	—	6,274	46,680	52,954	5,724	47,230	—	2013 (C)
Cornelius, NC	4,382	15,184	—	4,382	21,000	25,382	8,477	16,905	—	2007 (A)
Raleigh, NC	3,317	35,411	—	3,317	38,472	41,789	7,108	34,681	—	2012 (A)
Wilmington, NC	5,529	18,551	1,183	5,529	37,834	43,363	26,948	16,415	—	1989 (C)
Cincinnati, OH	19,572	54,495	—	19,572	71,393	90,965	6,567	84,398	—	2014 (A)
Columbus, OH	12,922	46,006	—	14,078	62,256	76,334	36,231	40,103	47,498	1998 (A)
Columbus, OH	18,716	64,617	—	20,666	70,978	91,644	14,494	77,150	41,641	2011 (A)
Dublin, OH	3,609	11,546	—	3,609	15,105	18,714	8,987	9,727	—	1998 (A)
Mason, OH	2,032	23,788	—	2,032	24,801	26,833	3,108	23,725	—	2014 (A)
North Olmsted, OH	24,352	61,449	—	24,352	64,246	88,598	14,541	74,057	—	2013 (A)
Solon, OH	6,220	7,454	—	6,220	27,300	33,520	15,127	18,393	—	1998 (C)
Stow, OH	993	9,028	—	993	38,070	39,063	20,770	18,293	—	1969 (C)
Stow, OH	1,316	3,961	—	534	2,366	2,900	1,469	1,431	—	2004 (A)
Westlake, OH	424	3,803	201	424	5,516	5,940	3,232	2,708	—	1974 (C)
Gresham, OR	15,234	60,802	—	11,770	48,771	60,541	2,793	57,748	—	2016 (A)
Portland, OR	20,208	50,738	—	20,208	58,601	78,809	10,346	68,463	—	2012 (A)
Erie, PA	9,345	32,006	—	9,345	73,700	83,045	36,070	46,975	—	1995 (C)
Jenkintown, PA	4,705	21,918	—	4,705	25,045	29,750	3,324	26,426	—	2014 (A)
Mechanicsburg, PA	12,574	57,283	—	12,574	57,791	70,365	6,698	63,667	—	2014 (A)
Arecibo, PR	7,965	29,898	—	2,772	13,526	16,298	9,719	6,579	—	2005 (A)
Bayamon, PR	132,074	152,441	—	110,904	175,842	286,746	71,728	215,018	—	2005 (A)
Bayamon, PR	91,645	98,007	—	68,418	99,716	168,134	44,749	123,385	118,933	2005 (A)
Carolina, PR	28,522	76,947	—	28,601	72,362	100,963	30,463	70,500	68,262	2005 (A)
Cayey, PR	18,226	25,101	—	18,538	26,021	44,559	10,485	34,074	19,933	2005 (A)
Fajardo, PR	4,376	41,199	—	4,376	43,700	48,076	15,910	32,166	23,969	2005 (A)
Guayama, PR	1,960	18,721	—	1,298	13,618	14,916	7,024	7,892	11,205	2005 (A)

DDR Corp.
Real Estate and Accumulated Depreciation
December 31, 2017
(In thousands)

	Initial Cost			Total Cost(1)			Accumulated Depreciation(2)	Total Cost, Net of Accumulated		Date of Construction (C) Acquisition (A)
	Buildings & Improvements		Improvements	Buildings & Improvements		Total		Depreciation	Encumbrances	
	Land	Improvements		Land	Improvements					
Hatillo, PR	101,219	105,465	—	60,804	95,911	156,715	52,102	104,613	—	2005 (A)
Humacao, PR	16,386	74,059	—	16,386	37,139	53,525	17,437	36,088	—	2005 (A)
Isabela, PR	8,175	41,094	—	8,236	40,576	48,812	16,944	31,868	21,054	2005 (A)
Rio Piedras, PR	10,338	23,285	—	7,549	20,445	27,994	10,346	17,648	—	2005 (A)
Vega Baja, PR	7,076	18,684	—	3,851	9,278	13,129	5,711	7,418	—	2005 (A)
Charleston, SC	3,479	9,850	—	3,479	20,302	23,781	11,537	12,244	—	2003 (A)
Columbia, SC	2,950	29,065	—	2,950	39,934	42,884	6,408	36,476	—	2013 (A)
Mount Pleasant, SC	2,430	10,470	—	2,341	23,011	25,352	13,976	11,376	—	1995 (A)
Brentwood, TN	6,101	25,956	—	6,101	27,636	33,737	4,090	29,647	—	2013 (A)
Hendersonville, TN	3,249	9,068	—	3,249	9,123	12,372	4,433	7,939	1,508	2003 (A)
Highland Village, TX	5,545	28,365	—	5,545	30,382	35,927	5,493	30,434	—	2013 (A)
Houston, TX	15,179	60,407	—	12,281	50,923	63,204	5,880	57,324	—	2015 (A)
Kyle, TX	2,548	7,349	—	10,426	22,654	33,080	5,151	27,929	—	2009 (C)
Mesquite, TX	7,051	25,531	—	6,612	24,197	30,809	3,990	26,819	—	2013 (A)
San Antonio, TX	3,475	37,327	—	4,873	51,295	56,168	22,598	33,570	23,385	2002 (C)
San Antonio, TX	5,602	39,196	—	10,158	114,233	124,391	34,403	89,988	—	2007 (C)
San Antonio, TX	2,381	6,487	—	2,381	23,172	25,553	8,773	16,780	—	2007 (A)
Dumfries, VA	12,911	10,092	—	11,566	9,236	20,802	1,066	19,736	—	2014 (A)
Fairfax, VA	15,681	68,536	—	15,681	69,525	85,206	9,802	75,404	—	2013 (A)
Midlothian, VA	4,754	20,273	—	4,754	25,777	30,531	4,723	25,808	—	2013 (A)
Richmond, VA	11,879	34,736	—	11,879	36,174	48,053	12,844	35,209	—	2007 (A)
Springfield, VA	17,016	40,038	—	17,016	41,183	58,199	14,561	43,638	—	2007 (A)
Vancouver, WA	4,169	25,769	—	3,239	20,903	24,142	3,025	21,117	—	2014 (A)
Brookfield, WI	4,791	16,023	—	4,791	22,109	26,900	5,322	21,578	—	2013 (A)
Brown Deer, WI	8,465	32,652	—	8,465	38,266	46,731	8,906	37,825	—	2013 (A)
West Allis, WI	2,371	10,982	—	1,703	12,696	14,399	5,789	8,610	—	2003 (A)
Portfolio Balance (DDR) - unencumbered	47,559	196,500	—	47,559	196,500	244,059	91,096	152,963	—	
Portfolio Balance (DDR) - encumbered	—	3,844	—	—	3,844	3,844	—	3,844	—	
	<u>\$ 1,849,496</u>	<u>\$ 5,482,803</u>	<u>\$ 3,727</u>	<u>\$ 1,779,480</u>	<u>(3) \$ 6,468,523</u>	<u>(4) \$ 8,248,003</u>	<u>\$ 1,953,479</u>	<u>\$ 6,294,524</u>	<u>\$ 640,553</u>	<u>(5)</u>

- (1) The aggregate cost for federal income tax purposes was approximately \$9.1 billion at December 31, 2017.
- (2) Depreciation and amortization is recorded on a straight-line basis over the estimated useful lives of the assets as follows:
- | | |
|------------------------------------|--|
| Buildings | Useful lives, 20 to 31.5 years |
| Building improvements and fixtures | Useful lives, ranging from 5 to 20 years |
| Tenant improvements | Shorter of economic life or lease terms |
- (3) Includes \$40.7 million of land under development at December 31, 2017.
- (4) Includes \$41.8 million of construction in progress at December 31, 2017.
- (5) Excludes fair market value of debt adjustments and net loan costs aggregating \$0.5 million.

The changes in Total Real Estate Assets are as follows:

	For the Year Ended December 31,		
	2017	2016	2015
Balance at beginning of year	\$ 9,244,058	\$ 10,128,199	\$ 10,335,785
Acquisitions	82,137	130,512	226,885
Developments, improvements and expansions	119,651	148,521	305,772
Adjustments of property carrying values	(345,282)	(109,912)	(279,021)
Disposals	(852,561)	(1,053,262)	(461,222)
Balance at end of year	<u>\$ 8,248,003</u>	<u>\$ 9,244,058</u>	<u>\$ 10,128,199</u>

The changes in Accumulated Depreciation and Amortization are as follows:

	For the Year Ended December 31,		
	2017	2016	2015
Balance at beginning of year	\$ 1,996,176	\$ 2,062,899	\$ 1,909,585
Depreciation for year	285,484	317,402	309,462
Disposals	(328,181)	(384,125)	(156,148)
Balance at end of year	<u>\$ 1,953,479</u>	<u>\$ 1,996,176</u>	<u>\$ 2,062,899</u>

DDR Corp.
Mortgage Loans on Real Estate
December 31, 2017
(In thousands)

Description	Interest Rate	Final Maturity Date	Periodic Payment Terms(A)	Prior Liens(B)	Face Amount of Mortgages	Carrying Amount of Mortgages(C)	Principal Amount of Loans Subject to Delinquent Principal or Interest
Mezzanine Loans							
Retail							
Borrower A	9.0%	Jun-23	I	\$ 20,500	\$ 7,500	\$ 7,541	\$ —
Borrower B	9.0%	Jun-19	I	44,000	12,040	12,134	—
				<u>64,500</u>	<u>19,540</u>	<u>19,675</u>	<u>—</u>
Investments in and Advances to Joint Ventures							
Borrower C	8.5%	Oct-21	QI	759,894	300,000	220,656	—
Borrower D	8.5%	Dec-22	QI	193,300	82,634	57,120	—
				<u>\$ 1,017,694</u>	<u>\$ 402,174</u>	<u>\$ 297,451</u>	<u>\$ —</u>

(A) I = Interest only; QI = Quarterly partial payment Interest only.

(B) The first mortgage loans on certain properties are not held by the Company. Accordingly, the amounts of the prior liens for those properties at December 31, 2017, are estimated.

(C) The aggregate cost for federal income tax purposes is \$358.5 million.

Changes in mortgage loans are summarized below (in thousands):

	For the Year Ended December 31,		
	2017	2016	2015
Balance at beginning of period	\$ 442,826	\$ 437,144	\$ 357,754
Additions during period:			
New mortgage loans	—	11,139	82,634
Interest	28,116	36,499	27,131
Accretion of discount	269	1,038	980
Deductions during period:			
Provision for loan loss reserve	(61,000)	—	—
Collections of principal and interest	(112,760)	(42,994)	(31,355)
Balance at close of period	<u>\$ 297,451</u>	<u>\$ 442,826</u>	<u>\$ 437,144</u>

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DDR Corp.

By: /s/ David R. Lukes
David R. Lukes, Chief Executive Officer,
President & Director

Date: February 26, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities indicated on the 26th day of February 2018.

<u>/s/ David R. Lukes</u> David R. Lukes	Chief Executive Officer, President & Director (Principal Executive Officer)
<u>/s/ Matthew L. Ostrower</u> Matthew L. Ostrower	Executive Vice President, Chief Financial Officer & Treasurer (Principal Financial Officer)
<u>/s/ Christa A. Vesey</u> Christa A. Vesey	Executive Vice President & Chief Accounting Officer (Principal Accounting Officer)
<u>/s/ Terrance R. Ahern</u> Terrance R. Ahern	Director
<u>/s/ Jane E. DeFlorio</u> Jane E. DeFlorio	Director
<u>/s/ Thomas Finne</u> Thomas Finne	Director
<u>/s/ Robert H. Gidel</u> Robert H. Gidel	Director
<u>/s/ Victor B. MacFarlane</u> Victor B. MacFarlane	Director
<u>/s/ Alexander Otto</u> Alexander Otto	Director
<u>/s/ Scott D. Roulston</u> Scott D. Roulston	Director
<u>/s/ Barry A. Sholem</u> Barry A. Sholem	Director

Amendment No. 1 to the
Third Amended and Restated Articles of Incorporation of
DDR Corp.

RESOLVED, that DDR Corp.'s Third Amended and Restated Articles of Incorporation will be amended as set forth below:

ARTICLE FOURTH, Division A, Item I, Section 6 shall be amended and restated as follows:

Section 6. *6.375% Class A Cumulative Redeemable Preferred Shares*. Of the 750,000 authorized Class A Shares, 350,000 shares are designated as a series entitled "6.375% Class A Cumulative Redeemable Preferred Shares" (hereinafter called "6.375% Class A Preferred Shares"). The 6.375% Class A Preferred Shares shall have the express terms set forth in this Division as being applicable to all Class A Shares as a class and, in addition, the following express terms applicable to all 6.375% Class A Preferred Shares as a series of Class A Shares:

- (a) The annual dividend rate of the 6.375% Class A Preferred Shares shall be 6.375% of the liquidation preference of \$500.00 per share.
- (b) Dividends on the 6.375% Class A Preferred Shares shall be payable, if declared, quarterly in arrears on the fifteenth day of each January, April, July and October or, if not a Business Day (as defined in clause (h) of this Section 6), the next succeeding Business Day (each a "Dividend Payment Date"), the first quarterly dividend being payable, if declared, on July 15, 2017 (the "First Dividend Payment Date"). The dividends payable for each full quarterly dividend period on each 6.375% Class A Preferred Share shall be \$7.9688.

Dividends for the initial dividend period on the 6.375% Class A Preferred Shares, or for any period shorter or longer than a full dividend period on the 6.375% Class A Preferred Shares, shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The aggregate dividend payable quarterly to each holder of 6.375% Class A Preferred Shares shall be rounded to the nearest one-hundredth of one cent with \$0.00005 being rounded upward. Each dividend shall be payable to the holders of record as of the close of business on the applicable record date, which shall be the first day of the calendar month in which the applicable Dividend Payment Date falls or on such other date as shall be fixed by the Corporation's Board of Directors that is no less than ten nor more than 30 days preceding the applicable Dividend Payment Date (the "Dividend Record Date"), in each case whether or not such day is a Business Day.

- (c) Dividends on the 6.375% Class A Preferred Shares shall be cumulative as follows:
- (1) with respect to shares included in the initial issue of the 6.375% Class A Preferred Shares and shares issued any time thereafter up to and including the Dividend Record Date for the First Dividend Payment Date, dividends shall be cumulative from the date of the initial issue of the 6.375% Class A Preferred Shares; and
 - (2) with respect to shares issued any time after the aforesaid Dividend Record Date, dividends shall be cumulative from the Dividend Payment Date next preceding the date of issue of such shares, except that if such shares are issued during the period commencing the day after the Dividend Record Date for the payment of a dividend on the 6.375% Class A Preferred Shares and ending on the Dividend Payment Date of that dividend, dividends with respect to such shares shall be cumulative from that Dividend Payment Date.

Accrued but unpaid dividends on the 6.375% Class A Preferred Shares shall not bear interest. Any dividend payment made on the 6.375% Class A Preferred Shares shall first be credited against the earliest accrued but unpaid dividend due with respect to such shares which remains payable. All dividend payments made on the 6.375% Class A Preferred Shares, at any time during which the Corporation is in default in the payment of dividends on such 6.375% Class A Preferred Shares for any dividend period, shall be deemed to be made in respect of the earliest dividend period with respect to which the Corporation is in default.

- (d) Except as required to preserve the Corporation's status as a real estate investment trust under the Internal Revenue Code of 1986, as amended, and except pursuant to the Special Optional Redemption Right (as defined in this Section 6(d)), the 6.375% Class A Preferred Shares may not be redeemed prior to June 5, 2022.

At any time or from time to time on and after June 5, 2022, the Corporation, at its option upon not less than 30 nor more than 60 days' written notice, may redeem the 6.375% Class A Preferred Shares, in whole or in part, at a redemption price of \$500.00 per share plus, in each case, an amount equal to all dividends accrued and unpaid thereon to, but not including, the redemption date, without interest (the "Optional Redemption Right"). Upon the occurrence of a Change of Control (as defined in clause (h) of this Section 6), the Corporation, at its option upon not less than 30 nor more than 60 days' written notice, may redeem the 6.375% Class A Preferred Shares, in whole or in part, within 120 days after the first date on which such Change of Control occurred, at a redemption price of \$500.00 per share plus, in each case, an amount equal to all dividends accrued and unpaid thereon to, but not including, the redemption date, without interest (the "Special Optional Redemption Right").

If, prior to the Change of Control Conversion Date (as defined in clause (h) of this Section 6), the Corporation has provided or provides notice of its exercise of any of its redemption rights with respect to the 6.375% Class A Preferred Shares (whether pursuant to the Optional Redemption Right or the Special Optional Redemption Right), the holders of the 6.375% Class A Preferred Shares shall not have the Change of Control Conversion Right (as defined in clause (e) of this Section 6) in respect of the 6.375% Class A Preferred Shares called for redemption.

If less than all of the outstanding 6.375% Class A Preferred Shares are to be redeemed, the 6.375% Class A Preferred Shares to be redeemed shall be selected pro rata (as nearly as may be practicable without creating fractional shares) or by lot, such that, in each case, such selection will not result in the issuance of any 6.375% Class A Preferred Shares in excess of the Ownership Limit (as defined in Section (a) of Item XIV of this Division A of this Article FOURTH).

Notice of redemption shall be mailed, postage prepaid, as of a date set by the Corporation not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the 6.375% Class A Preferred Shares to be redeemed at their respective addresses then appearing on the books of the Corporation.

- (1) No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the redemption of any 6.375% Class A Preferred Shares except as to the holder to whom such notice was defective or not given.
- (2) A redemption notice which has been mailed in the manner provided herein shall be conclusively presumed to have been duly given on the date mailed whether or not the holder received the redemption notice.

In addition to any information required by the applicable rules of any securities exchange upon which the 6.375% Class A Preferred Shares may be listed or admitted to trading, each such notice shall state (i) the redemption date; (ii) the redemption price; (iii) the number of the 6.375% Class A Preferred Shares to be redeemed; (iv) the place or places where certificates, if any, for the 6.375% Class A Preferred Shares to be redeemed are to be surrendered for payment of the redemption price; and (v) that dividends in respect of the 6.375% Class A Preferred Shares to be redeemed will cease to accrue on such redemption date. If less than all of the 6.375% Class A Preferred Shares held by any holder are to be redeemed, the notice shall state the number of such 6.375% Class A Preferred Shares held by such holder to be so redeemed.

- (3) In the event the Corporation is exercising the Special Optional Redemption Right, the notice referred to above shall also state: (i) that the 6.375% Class A Preferred Shares are being redeemed pursuant to the Special Optional Redemption Right in connection with the occurrence of a Change of Control and a brief description of the transaction(s) constituting such Change of Control; and (ii) that the 6.375% Class A Preferred Shares to which such notice relates may not be tendered for conversion in connection with the Change of Control by the holder thereof and that each 6.375% Class A Preferred Share so tendered for conversion that is selected, prior to the Change of Control Conversion Date, for redemption will be redeemed on the related redemption date instead of converted on the Change of Control Conversion Date.

Anything herein to the contrary notwithstanding and except as otherwise required by law, the holders of the 6.375% Class A Preferred Shares at the close of business on a Dividend Record Date will be entitled to receive the dividend payable with respect to their 6.375% Class A Preferred Shares on the corresponding Dividend Payment Date notwithstanding the redemption thereof after such Dividend Record Date and on or prior to such Dividend Payment Date or the Corporation's default in the payment of the dividend due on such Dividend Payment Date. Except as provided in this Section 6, the Corporation will make no payment or allowance for unpaid dividends, whether or not in arrears, on the 6.375% Class A Preferred Shares called for redemption.

- (e) The 6.375% Class A Preferred Shares shall not be convertible into or exchangeable for any other property or securities of the Corporation, except as provided in this Section 6(e) and/or except in connection with the exercise of the Corporation's rights pursuant to Section (d) of Item XIV of this Division A of this Article FOURTH, Section 4(d) of Division B of this Article FOURTH, or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation.

Upon the occurrence of a Change of Control, each holder of the 6.375% Class A Preferred Shares shall have the right, unless, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem the 6.375% Class A Preferred Shares pursuant to the Optional Redemption Right or Special Optional Redemption Right, to convert some or all of the 6.375% Class A Preferred Shares held by such holder (the "Change of Control Conversion Right") on the Change of Control Conversion Date into a number of Common Shares (or equivalent value of Alternative Conversion Consideration (as defined in this Section 6(e)) per 6.375% Class A Preferred Share to be converted (the "Common Shares Conversion Consideration") equal to the lesser of (i) the quotient obtained by dividing (1) the sum of \$500.00 per share plus the amount of any accrued and unpaid dividends to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a Dividend Record Date and prior to the corresponding Dividend Payment Date, in which case no additional amount for such accrued and unpaid dividends will be included in this sum) by (2) the Common Share Price (as defined in clause (h) of this Section 6); and (ii) 111.60714 (the "Share Cap"), subject to the adjustments described in the following paragraph.

Anything herein to the contrary notwithstanding and except as otherwise required by law, the persons who are holders of record of the 6.375% Class A Preferred Shares at the close of business on a Dividend Record Date shall be entitled to receive the dividend payable on the corresponding Dividend Payment Date notwithstanding the conversion of those shares after such Dividend Record Date and on or prior to such Dividend Payment Date and, in such case, the full amount of such dividend shall be paid on such Dividend Payment Date to the persons who were the holders of record of the 6.375% Class A Preferred Shares at the close of business on such Dividend Record Date.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of Common Shares), subdivisions or combinations (in each case, a "Share Split") with respect to Common Shares as follows: the adjusted Share Cap as the result of a Share Split will be the number of Common Shares that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of Common Shares outstanding after giving effect to such Share Split and the denominator of which is the number of Common Shares outstanding immediately prior to such Share Split.

For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of Common Shares (or equivalent Alternative Conversion Consideration, as applicable) issuable in connection with the exercise of the Change of Control Conversion Right shall not exceed 39,062,520 Common Shares (or equivalent Alternative Conversion Consideration, as applicable) (the "Exchange Cap"). The Exchange Cap is subject to pro rata adjustments for any Share Splits on the same basis as the corresponding adjustment to the Share Cap and is subject to increase in the event that additional 6.375% Class A Preferred Shares are designated and issued in the future pursuant to an amendment to these Amended and Restated Articles of Incorporation.

In the case of a Change of Control pursuant to which Common Shares will be converted into cash, securities or other property or assets (including any combination thereof) (the "Alternative Form Consideration"), a holder of the 6.375% Class A Preferred Shares will receive upon conversion of such 6.375% Class A Preferred Shares the kind and amount of Alternative Form Consideration that such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of Common Shares equal to the Common Shares Conversion Consideration immediately prior to the effective time of the Change of Control (the "Alternative Conversion Consideration"; the Common Shares Conversion Consideration or the Alternative Conversion Consideration, as may be applicable to a Change of Control, is referred to as the "Conversion Consideration").

If the holders of Common Shares have the opportunity to elect the form of consideration to be received in the Change of Control, the consideration that the holders of the 6.375% Class A Preferred Shares will receive will be in the form and proportion of the aggregate consideration elected by the holders of Common Shares who participate in the determination (based on the weighted average of elections) and will be subject to any limitations to which all holders of Common Shares are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in the Change of Control.

No fractional Common Shares will be issued upon the conversion of the 6.375% Class A Preferred Shares. In lieu of fractional shares, holders shall be entitled to receive the cash value of such fractional shares based on the Common Share Price.

Within 15 days following the occurrence of a Change of Control, the Corporation shall deliver a notice of occurrence of the Change of Control, describing the resulting Change of Control Conversion Right, to the holders of record of the 6.375% Class A Preferred Shares at their respective addresses then appearing on the books of the Corporation.

- (1) No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the conversion of any 6.375% Class A Preferred Shares except as to the holder to whom notice was defective or not given.
- (2) Each such notice shall state (i) the events constituting the Change of Control; (ii) the date of the Change of Control; (iii) the last date on which the holders of the 6.375% Class A Preferred Shares may exercise their Change of Control Conversion Right; (iv) the method and period for calculating the Common Share Price; (v) the Change of Control Conversion Date; (vi) that if, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem all or any portion of the 6.375% Class A Preferred Shares, holders of such shares will not be able to convert such shares and such shares will be redeemed on the related redemption date, even if such shares have already been tendered for conversion pursuant to the Change of Control Conversion Right; (vii) if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per 6.375% Class A Preferred Share; (viii) the name and address of the paying agent and the conversion agent; (ix) the procedures that the holders of the 6.375% Class A Preferred Shares must follow to exercise the Change of Control Conversion Right; and (x) the last date on which the holders of the 6.375% Class A Preferred Shares may withdraw shares surrendered for conversion and the procedures that such holders must follow to effect such a withdrawal.

The Corporation shall issue a press release for publication on the Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), or post

notice on the Corporation's website, in any event prior to the opening of business on the first Business Day following any date on which the Corporation provides the Change of Control notice described above to the holders of the 6.375% Class A Preferred Shares.

In order to exercise the Change of Control Conversion Right, a holder of the 6.375% Class A Preferred Shares shall be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates, if any, evidencing the 6.375% Class A Preferred Shares to be converted, duly endorsed for transfer, together with a written conversion notice completed, to the Corporation's transfer agent.

- (1) Such notice shall state (i) the relevant Change of Control Conversion Date; (ii) the number of 6.375% Class A Preferred Shares to be converted; and (iii) that the 6.375% Class A Preferred Shares are to be converted pursuant to the applicable provisions of the 6.375% Class A Preferred Shares.
- (2) Notwithstanding the foregoing, if the 6.375% Class A Preferred Shares are held in global form, such notice shall comply with applicable procedures of The Depository Trust Company or any other organization acting as depository for the 6.375% Class A Preferred Shares (the "Depository").

Holders of the 6.375% Class A Preferred Shares may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to the Corporation's transfer agent prior to the close of business on the Business Day prior to the Change of Control Conversion Date.

- (1) The notice of withdrawal must state: (i) the number of withdrawn 6.375% Class A Preferred Shares; (ii) if certificated 6.375% Class A Preferred Shares have been issued, the certificate numbers of the withdrawn 6.375% Class A Preferred Shares; and (iii) the number of 6.375% Class A Preferred Shares, if any, which remain subject to the conversion notice.
- (2) Notwithstanding the foregoing, if the 6.375% Class A Preferred Shares are held in global form, such notice of withdrawal must comply with applicable procedures of the Depository.

The 6.375% Class A Preferred Shares as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn shall be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem such 6.375% Class A Preferred Shares, whether pursuant to the Optional Redemption Right or Special Optional Redemption Right. If the Corporation elects to redeem 6.375% Class A Preferred Shares that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such 6.375% Class A Preferred Shares shall not be so converted and the holders of such shares shall be entitled to receive on the applicable redemption date \$500.00 per share, plus accrued and unpaid dividends to, but not including, the redemption date.

The Corporation shall deliver the applicable Conversion Consideration to the applicable holders of the 6.375% Class A Preferred Shares no later than the third Business Day following the Change of Control Conversion Date.

Notwithstanding anything to the contrary contained herein, no holder of the 6.375% Class A Preferred Shares will be entitled to convert such shares to the extent that receipt of Common Shares upon conversion of the 6.375% Class A Preferred Shares would cause such holder (or any other person) to exceed either of the ownership limits described in Section (a) of Item XIV of this Division A of this Article FOURTH and Section 4(a) of Division B of this Article FOURTH, unless the Corporation provides an exemption from such ownership limits for such holder.

Notwithstanding the foregoing restrictions on the ability to convert the 6.375% Class A Preferred Shares, any conversion of the 6.375% Class A Preferred Shares in violation of the ownership limits described in Section (a) of Item XIV of this Division A of this Article FOURTH and Section 4(a) of Division B of this Article FOURTH, or that causes another person to be in violation of such ownership limits, including as a result of the effect of the operation of this provision, shall be construed as causing any 6.375% Class A Preferred Shares that exceed such ownership limits to be deemed Excess Preferred Shares and subject to the provisions applicable to Excess Preferred Shares set forth in these Amended and Restated Articles of Incorporation.

- (f) The amount payable per 6.375% Class A Preferred Share in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation shall be \$500.00, plus an amount equal to all dividends accrued and unpaid thereon to, but not including, the date of payment.
- (g) All dividend payments made on the 6.375% Class A Preferred Shares, at any time during which the Corporation is in default in the payment of dividends on such 6.375% Class A Preferred Shares for any dividend period, shall, for the purposes of Section 5(b)(1) of this Item I, be deemed to be made in respect of the earliest dividend period with respect to which the Corporation is in default.

(h) *Definitions.* For the purposes of this Section 6 of Item I of Division A of this Article FOURTH, the following terms shall have the following meanings:

“Business Day” shall mean any day other than a Saturday, Sunday or a day on which banking institutions in The City of New York, New York are authorized or required by law, regulation or executive order to close.

“Change of Control” is when, after the original issuance of the 6.375% Class A Preferred Shares, the following have occurred and are continuing:

- (i) the acquisition by any person, including any syndicate or group deemed to be a “person” under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of shares of the Corporation entitling that person to exercise more than 50% of the total voting power of all shares of the Corporation entitled to vote generally in elections of directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and
- (ii) following the closing of any transaction referred to in the foregoing clause (i), neither the Corporation nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE MKT or NASDAQ, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or NASDAQ.

“Change of Control Conversion Date” shall mean the date the 6.375% Class A Preferred Shares are to be converted which shall be a Business Day that is no fewer than 20 days nor more than 35 days after the date on which the Corporation provides notice of the occurrence of a Change of Control (as provided for in clause (e) of this Section 6) to the holders of the 6.375% Class A Preferred Shares.

“Common Share Price” shall mean: (i) if the consideration to be received in the Change of Control by the holders of Common Shares is solely cash, the amount of cash consideration per Common Share or (ii) if the consideration to be received in the Change of Control by holders of Common Shares is other than solely cash (x) the average of the closing sale prices per Common Share (or, if no closing sale price is reported, the average of the closing bid and ask prices per Common Share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per Common Share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred as reported on the principal U.S. securities exchange on which the Common Shares are then traded, or (y) the average of the last quoted bid prices for the Common Shares in the over-the-counter market as reported by OTC Markets Group Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred, if the Common Shares are not then listed for trading on a U.S. securities exchange.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“NASDAQ” shall mean the NASDAQ Stock Market.

“NYSE” shall mean the New York Stock Exchange.

“NYSE MKT” shall mean the NYSE MKT.

**THIRD AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
DDR CORP.**

The undersigned, desiring to form a corporation for profit under Sections 1701.01 to 1701.98, inclusive, of the Ohio Revised Code, does hereby certify:

FIRST: The name of the Corporation shall be DDR Corp.

SECOND: The place in the State of Ohio where the principal office of the Corporation is located is Beachwood, Cuyahoga County.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be formed under Sections 1701.01 to 1701.98, inclusive of the Ohio Revised Code.

FOURTH: The authorized number of shares of the Corporation is 611,000,000, consisting of 600,000,000 common shares, \$0.10 par value per share (hereinafter called "Common Shares"), 750,000 Class A Cumulative Preferred Shares, without par value (hereinafter called "Class A Shares"), 750,000 Class B Cumulative Preferred Shares, without par value (hereinafter called "Class B Shares"), 750,000 Class C Cumulative Preferred Shares, without par value (hereinafter called "Class C Shares"), 750,000 Class D Cumulative Preferred Shares, without par value (hereinafter called "Class D Shares"), 750,000 Class E Cumulative Preferred Shares, without par value (hereinafter called "Class E Shares"), 750,000 Class F Cumulative Preferred Shares, without par value (hereinafter called "Class F Shares"), 750,000 Class G Cumulative Preferred Shares, without par value (hereinafter called "Class G Shares"), 750,000 Class H Cumulative Preferred Shares, without par value (hereinafter called "Class H Shares"), 750,000 Class I Cumulative Preferred Shares, without par value (hereinafter called "Class I Shares"), 750,000 Class J Cumulative Preferred Shares, without par value (hereinafter called "Class J Shares"), 750,000 Class K Cumulative Preferred Shares, without par value (hereinafter called "Class K Shares"), 750,000 Noncumulative Preferred Shares, without par value (hereinafter called "Noncumulative Shares"), and 2,000,000 Cumulative Voting Preferred Shares, without par value (hereinafter called "Voting Preferred Shares"). The Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Voting Preferred Shares are sometimes collectively referred to herein as the "Cumulative Shares."

DIVISION A

I. *The Class A Cumulative Preferred Shares.* The Class A Shares shall have the following express terms:

Section 1. *Series.* The Class A Shares may be issued from time to time in one or more series. All Class A Shares shall be of equal rank and shall be identical, except in respect of the matters that may be fixed by the Board of Directors as hereinafter provided, and each share of a series shall be identical with all other shares of such series, except as to the dates from which dividends shall accrue and be cumulative. All Class A Shares shall rank on a parity with the Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares and shall be identical to all Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares except (1) in respect of the matters that may be fixed by the Board of Directors as provided in clauses (a) through (i), inclusive, of this Section 1 and (2) only dividends on the Cumulative Shares shall be cumulative as set forth herein. Subject to the provisions of Sections 2 through 5, both inclusive, and Item XIII of this Division, which provisions shall apply to all Class A Shares, the Board of Directors hereby is authorized to cause such shares to be issued in one or more series and, with respect to each such series to determine and fix prior to the issuance thereof (and thereafter, to the extent provided in clause (b) of this Section), the following:

- (a) The designation of the series, which may be by distinguishing number, letter or title;
- (b) The authorized number of shares of the series, which number the Board of Directors may (except where otherwise provided in the creation of the series) increase or decrease from time to time before or after the issuance thereof (but not below the number of shares thereof then outstanding);
- (c) The dividend rate or rates of the series, including the means by which such rates may be established;

(d) The date or dates from which dividends shall accrue and be cumulative and the dates on which and the period or periods for which dividends, if declared, shall be payable, including the means by which such dates and periods may be established;

(e) The redemption rights and price or prices, if any, for shares of the series;

(f) The terms and amount of the sinking fund, if any, for the purchase or redemption of shares of the series;

(g) The amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;

(h) Whether the shares of the series shall be convertible into Common Shares or shares of any other class and, if so, the conversion rate or rates or price or prices, any adjustments thereof and all other terms and conditions upon which such conversion may be made; and

(i) Restrictions (in addition to those set forth in Subsection 5(d) or 5(e) of this Item I) on the issuance of shares of the same series or of any other class or series.

The Board of Directors is authorized to adopt from time to time amendments to the Amended and Restated Articles of Incorporation, as amended, fixing, with respect to each such series, the matters described in clauses (a) through (i), inclusive, of this Section and is authorized to take such actions with respect thereto as may be required by law in order to effect such amendments.

Section 2. *Dividends.*

(a) The holders of Class A Shares of each series, in preference to the holders of Common Shares and of any other class of shares ranking junior to the Class A Shares, shall be entitled to receive out of any funds legally available therefor, and when and as declared by the Board of Directors, dividends in cash at the rate or rates for such series fixed in accordance with the provisions of Section 1 above and no more, payable on the dates fixed for such series. Such dividends shall accrue and be cumulative, in the case of shares of each particular series, from and after the date or dates fixed with respect to such series. No dividends shall be paid upon or declared or set apart for any series of the Class A Shares for any dividend period unless at the same time (i) a like proportionate dividend for the dividend periods terminating on the same or any earlier date, ratably in proportion to the respective annual dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class A Shares of all series then issued and outstanding and entitled to receive such dividend and (ii) the dividends payable for the dividend periods terminating on the same or any earlier date (but, with respect to Noncumulative Shares, only with respect to the then current dividend period), ratably in proportion to the respective dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares then issued and outstanding and entitled to receive such dividends.

(b) So long as any Class A Shares shall be outstanding no dividend, except a dividend payable in Common Shares or other shares ranking junior to the Class A Shares, shall be paid or declared or any distribution be made, except as aforesaid, in respect of the Common Shares or any other shares ranking junior to the Class A Shares, nor shall any Common Shares or any other shares ranking junior to the Class A Shares be purchased, retired or otherwise acquired by the Corporation, except out of the proceeds of the sale of Common Shares or other shares of the Corporation ranking junior to the Class A Shares received by the Corporation subsequent to the date of first issuance of Class A Shares of any series, unless:

(1) All accrued and unpaid dividends on Cumulative Shares, including the full dividends for all current dividend periods, shall have been declared and paid or a sum sufficient for payment thereof set apart;

(2) All unpaid dividends on Noncumulative Shares for the then current dividend period shall have been declared and paid or a sum sufficient for payment therefor set apart; and

(3) There shall be no arrearages with respect to the redemption of Cumulative Shares or Noncumulative Shares of any series from any sinking fund provided for shares of such series in accordance with the provisions of Section 1 of this Item I.

(c) The foregoing restrictions on the payment of dividends or other distributions on, or on the purchase, redemption retirement or other acquisition of, Common Shares or any other shares ranking on a parity with or junior to the Class A Shares shall be inapplicable to (i) any payments in lieu of issuance of fractional shares thereof, whether upon any merger, conversion, stock dividend or otherwise, (ii) the conversion of Cumulative Shares or Noncumulative Shares into Common Shares, or (iii) the exercise by the Corporation of its rights pursuant to Item XIV(d) of this Division A, Section 4(d) of

Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized.

(d) If, for any taxable year, the Corporation elects to designate as "capital gain dividends" (as defined in Section 857 of the Code) any portion (the "Capital Gains Amount") of the dividends paid or made available for the year to holders of all classes of stock (the "Total Dividends"), then, to the extent permissible under the Code and to the extent it does not cause any dividends to fail to qualify for the dividends paid deduction under Section 561 of the Code, the portion of the Capital Gains Amount that shall be allocable to holders of the Class A Shares shall be the amount that the total dividends paid or made available to the holders of the Class A Shares for the year bears to the Total Dividends.

Section 3. *Redemption.*

(a) Subject to the express terms of each series, the Corporation:

(1) May, from time to time at the option of the Board of Directors, redeem all or any part of any redeemable series of Class A Shares at the time outstanding at the applicable redemption price for such series fixed in accordance with the provisions of Section 1 of this Item I; and

(2) Shall, from time to time, make such redemptions of each series of Class A Shares as may be required to fulfill the requirements of any sinking fund provided for shares of such series at the applicable sinking fund redemption price fixed in accordance with the provisions of Section 1 of this Item I; and shall in each case pay all accrued and unpaid dividends to the redemption date.

(b) (1) Notice of every such redemption shall be mailed, postage prepaid, to the holders of record of the Class A Shares to be redeemed at their respective addresses then appearing on the books of the Corporation, not less than 30 days nor more than 60 days prior to the date fixed for such redemption, or such other time prior thereto as the Board of Directors shall fix for any series pursuant to Section 1 of this Item I prior to the issuance thereof. At any time after notice as provided above has been deposited in the mail, the Corporation may deposit the aggregate redemption price of Class A Shares to be redeemed, together with accrued and unpaid dividends thereon to the redemption date, with any bank or trust company in Cleveland, Ohio, or New York, New York, having capital and surplus of not less than \$100,000,000 named in such notice and direct that there be paid to the respective holders of the Class A Shares so to be redeemed amounts equal to the redemption price of the Class A Shares so to be redeemed, together with such accrued and unpaid dividends thereon, on surrender of the share certificate or certificates held by such holders; and upon the deposit of such notice in the mail and the making of such deposit of money with such bank or trust company, such holders shall cease to be shareholders with respect to such shares; and from and after the time such notice shall have been so deposited and such deposit of money shall have been so made, such holders shall have no rights or claim against the Corporation with respect to such shares, except only the right to receive such money from such bank or trust company without interest or to exercise before the redemption date any unexpired privileges of conversion. In the event less than all of the outstanding Class A Shares are to be redeemed, the Corporation shall select by lot the shares so to be redeemed in such manner as shall be prescribed by the Board of Directors.

(2) If the holders of Class A Shares which have been called for redemption shall not within six years after such deposit claim the amount deposited for the redemption thereof, any such bank or trust company shall, upon demand, pay over to the Corporation such unclaimed amounts and thereupon such bank or trust company and the Corporation shall be relieved of all responsibility in respect thereof and to such holders.

(c) Any Class A Shares which are (1) redeemed by the Corporation pursuant to the provisions of this Section, (2) purchased and delivered in satisfaction of any sinking fund requirements provided for shares of such series, (3) converted in accordance with the express terms thereof, or (4) otherwise acquired by the Corporation shall resume the status of authorized but unissued Class A Shares without serial designation.

(d) Except in connection with the exercise of the Corporation's rights pursuant to Section (d) of Item XIV of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized, the Corporation may not purchase or redeem (for sinking fund purposes or otherwise) less than all of the Class A Shares then outstanding except in accordance with a stock purchase offer made to all holders of record of Class A Shares, unless all dividends on all Class A Shares then outstanding for all previous and current dividend periods shall have been declared and paid or funds therefor set apart and all accrued sinking fund obligations applicable thereto shall have been complied with.

Section 4. *Liquidation.*

(a) (1) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of Class A Shares of any series shall be entitled to receive in full out of the assets of the

Corporation, including its capital, before any amount shall be paid or distributed among the holders of the Common Shares or any other shares ranking junior to the Class A Shares, the amounts fixed with respect to shares of such series in accordance with Section 1 of this Item I, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment of the amount due pursuant to such liquidation, dissolution or winding up of the affairs of the Corporation. In the event the net assets of the Corporation legally available therefor are insufficient to permit the payment upon all outstanding Cumulative Shares and Noncumulative Shares of the full preferential amount to which they are respectively entitled, then such net assets shall be distributed ratably upon all outstanding Cumulative Shares and Noncumulative Shares in proportion to the full preferential amount to which each such share is entitled.

(2) After payment to the holders of Class A Shares of the full preferential amounts as aforesaid, the holders of Class A Shares, as such, shall have no right or claim to any of the remaining assets of the Corporation.

(b) The merger or consolidation of the Corporation into or with any other Corporation, the merger of any other Corporation into it, or the sale, lease or conveyance of all or substantially all the assets of the Corporation shall not be deemed to be a dissolution, liquidation or winding up for the purposes of this Section.

Section 5. *Voting.*

(a) The holders of Class A Shares shall have no voting rights, except as provided in this Section or required by law.

(b) (1) If, and so often as, the Corporation shall be in default in the payment of dividends on any series of Class A Shares at the time outstanding, whether or not earned or declared, for a number of dividend payment periods, whether consecutive or not, which in the aggregate contain at least 540 days, all holders of such Class A Shares, voting separately as a class, together with all Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares upon which like voting rights have been conferred and are exercisable under the circumstances described in Subsection 5(c), shall be entitled to elect, as herein provided, a total of two members of the Board of Directors of the Corporation; provided, however, that the holders of such Class A Shares shall not exercise such special class voting rights except at meetings of such shareholders for the election of directors at which the holders of not less than 50% of such Class A Shares are present in person or by proxy; and provided further that the special class voting rights provided for in this paragraph when the same shall have become vested shall remain so vested until all accrued and unpaid dividends on such Class A Shares then outstanding shall have been paid or declared and a sum sufficient for the payment thereof set aside for payment, whereupon the holders of such Class A Shares shall be divested of their special class voting rights in respect of subsequent elections of directors, subject to the revesting of such special class voting rights in the event above specified in this paragraph.

(2) In the event of default entitling holders of Class A Shares to elect two directors as specified in paragraph (1) of this Subsection, a special meeting of such holders for the purpose of electing such directors shall be called by the Secretary of the Corporation upon written request of, or may be called by, the holders of record of at least 10% of the Class A Shares upon which such default in the payment of dividends exists and notice thereof shall be given in the same manner as that required for the annual meeting of shareholders; provided, however, that the Corporation shall not be required to call such special meeting if the annual meeting of shareholders shall be called to be held within 90 days after the date of receipt of the foregoing written request from the holders of Class A Shares. At any meeting at which such holders of Class A Shares shall be entitled to elect directors, holders of 50% of such Class A Shares, present in person or by proxy, shall be sufficient to constitute a quorum, and the vote of the holders of a majority of such shares so present at any such meeting at which there shall be such a quorum shall be sufficient to elect the members of the Board of Directors which such holders of Class A Shares are entitled to elect as herein provided.

Notwithstanding any provision of these Amended and Restated Articles of Incorporation, as amended, or the Code of Regulations of the Corporation or any action taken by the holders of any class of shares fixing the number of directors of the Corporation, the two directors who may be elected by such holders of Class A Shares pursuant to this Subsection shall serve in addition to any other directors then in office or proposed to be elected otherwise than pursuant to this Subsection. Nothing in this Subsection shall prevent any change otherwise permitted in the total number of or classifications of directors of the Corporation or require the resignation of any director elected otherwise than pursuant to this Subsection. Notwithstanding any classification of the other directors of the Corporation, the two directors elected by such holders of Class A Shares shall be elected annually for terms expiring at the next succeeding annual meeting of shareholders.

(3) Upon any divesting of the special class voting rights of the holders of the Class A Shares in respect of elections of directors as provided in this Subsection, the terms of office of all directors then in office elected by such holders shall terminate immediately thereupon. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, removal from office or otherwise, the remaining director elected by such holders voting as a class may elect a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) If at any time when the holders of Class A Shares are entitled to elect directors pursuant to the foregoing provisions of this Section the holders of any Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares or Noncumulative Shares are entitled to elect directors pursuant hereto by reason of any default in the payment of dividends thereon, then the voting rights of the Cumulative Shares and Noncumulative Shares then entitled to vote shall be combined (with each class of shares having a number of votes proportional to the aggregate liquidation preference of its outstanding shares). In such case, the holders of Class A Shares and of all such other shares then entitled to vote, voting as a class, shall elect such directors. If the holders of any such other shares have elected such directors prior to the happening of the default or event permitting the holders of Class A Shares to elect directors, or prior to a written request for the holding of a special meeting being received by the Secretary of the Corporation as required above, then a new election shall be held with all such other shares and the Class A Shares voting together as a single class for such directors, resulting in the termination of the term of such previously elected directors upon the election of such new directors.

(d) The affirmative vote of the holders of at least two-thirds of the Class A Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose, shall be necessary to effect either of the following:

(1) Any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of Class A Shares which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class A Shares or of any shares ranking on a parity with or junior to the Class A Shares nor the amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially preferences or voting or other rights of the holders of Class A Shares; or

(2) The authorization, creation or increase in the authorized number of any shares, or any security convertible into shares, in either case ranking prior to such series of Class A Shares.

(e) In the event, and only to the extent, that (1) Class A Shares are issued in more than one series and (2) Ohio law permits the holders of a series of a class of capital stock to vote separately as a class, the affirmative vote of the holders of at least two-thirds of each series of Class A Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose of voting on such matters, shall be required for any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of these Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of such series which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class A Shares or of any shares ranking on a parity with or junior to the Class A Shares nor the amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially the preferences or voting or other rights of the holders of such series.

Section 6. *9 1/2% Class A Cumulative Redeemable Preferred Shares.* Of the 750,000 authorized Class A Shares, 460,000 shares are designated as a series entitled "9 1/2% Class A Cumulative Redeemable Preferred Shares" (hereinafter called "9 1/2% Class A Preferred Shares"). The 9 1/2% Class A Preferred Shares shall have the express terms set forth in this Item I as being applicable to all Class A Shares as a class and, in addition, the following express terms applicable to all 9 1/2% Class A Preferred Shares as a series of Class A Shares:

(a) The annual dividend rate of the 9 1/2% Class A Preferred Shares shall be 9 1/2% of the liquidation preference of \$250.00 per share.

(b) Dividends on the 9 1/2% Class A Preferred Shares shall be payable, if declared, quarterly on or about the 15th day of March, June, September, and December each year, the first quarterly dividend being payable, if declared, on December 15, 1995. The dividends payable for each full quarterly dividend period on each 9 1/2% Class A Preferred Share shall be \$5.94.

Dividends for the initial dividend period on the 9 1/2% Class A Preferred Shares, or for any period shorter or longer than a full dividend period on the 9 1/2% Class A Preferred Shares, shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The aggregate dividend payable quarterly to each holder of 9 1/2% Class A Preferred Shares shall be rounded to the nearest one-hundredth of one cent with \$.00005 being rounded upward. Each dividend shall

be payable to the holders of record on such record date, no less than 10 nor more than 30 days preceding the payment date thereof, as shall be fixed from time to time by the Corporation's Board of Directors.

(c) Dividends on 9¹/₂% Class A Preferred Shares shall be cumulative as follows:

(1) With respect to shares included in the initial issue of 9¹/₂% Class A Preferred Shares and shares issued any time thereafter up to and including the record date for the payment of the first dividend on the initial issue of 9¹/₂% Class A Preferred Shares, dividends shall be cumulative from the date of the initial issue of 9¹/₂% Class A Preferred Shares; and

(2) With respect to shares issued any time after the aforesaid record date, dividends shall be cumulative from the dividend payment date next preceding the date of issue of such shares, except that if such shares are issued during the period commencing the day after the record date for the payment of a dividend on 9¹/₂% Class A Preferred Shares and ending on the payment date of that dividend, dividends with respect to such shares shall be cumulative from that dividend payment date.

(d) Except as required to preserve the Corporation's status as a real estate investment trust under the Internal Revenue Code of 1986, as amended, the 9¹/₂% Class A Preferred Shares may not be redeemed prior to November 15, 2000. At any time or from time to time on and after November 15, 2000 the Corporation, at its option upon not less than thirty (30) nor more than sixty (60) days' written notice, may redeem all or any part of the 9¹/₂% Class A Preferred Shares at a redemption price of \$250.00 per share plus, in each case, an amount equal to all dividends accrued and unpaid thereon to the redemption date, without interest. The redemption price (other than the portion thereof consisting of accrued and unpaid dividends) is payable solely out of the sale proceeds of other capital shares of the Corporation, which may include any equity securities (including common shares and preferred shares), shares, interests, participation or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable for equity securities), or options to purchase any of the foregoing.

(e) The amount payable per 9¹/₂% Class A Preferred Share in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation shall be \$250.00, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment.

(f) All dividend payments made on the 9¹/₂% Class A Preferred Shares, at any time during which the Corporation is in default in the payment of dividends on such 9¹/₂% Class A Preferred Shares for any dividend period, shall, for the purposes of Section 5(b)(1) of this Item I, be deemed to be made in respect of the earliest dividend period with respect to which the Corporation is in default.

II. *The Class B Cumulative Preferred Shares.* The Class B Cumulative Preferred Shares shall have the following express terms:

Section 1. *Series.* The Class B Shares may be issued from time to time in one or more series. All Class B Shares shall be of equal rank and shall be identical, except in respect of the matters that may be fixed by the Board of Directors as hereinafter provided, and each share of a series shall be identical with all other shares of such series, except as to the dates from which dividends shall accrue and be cumulative. All Class B Shares shall rank on a parity with the Class A Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares and shall be identical to all Class A Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares except (1) in respect of the matters that may be fixed by the Board of Directors as provided in clauses (a) through (i), inclusive, of this Section 1 and (2) only dividends on the Cumulative Shares are cumulative as set forth herein. Subject to the provisions of Sections 2 through 5, both inclusive, and Item XIII of this Division, which provisions shall apply to all Class B Shares, the Board of Directors hereby is authorized to cause such shares to be issued in one or more series and with respect to each such series to determine and fix prior to the issuance thereof (and thereafter, to the extent provided in clause (b) of this Section), the following:

- (a) The designation of the series, which may be by distinguishing number, letter or title;
- (b) The authorized number of shares of the series, which number the Board of Directors may (except where otherwise provided in the creation of the series) increase or decrease from time to time before or after the issuance thereof (but not below the number of shares thereof then outstanding);
- (c) The dividend rate or rates of the series, including the means by which such rates may be established;
- (d) The date or dates from which dividends shall accrue and be cumulative and the dates on which and the period or periods for which dividends, if declared, shall be payable, including the means by which such dates and periods may be established;
- (e) The redemption rights and price or prices, if any, for shares of the series;

- (f) The terms and amount of the sinking fund, if any, for the purchase or redemption of shares of the series;
- (g) The amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;
- (h) Whether the shares of the series shall be convertible into Common Shares or shares of any other class and, if so, the conversion rate or rates or price or prices, any adjustments thereof and all other terms and conditions upon which such conversion may be made; and
- (i) Restrictions (in addition to those set forth in Subsection 5(d) or 5(e) of this Item II) on the issuance of shares of the same series or of any other class or series.

The Board of Directors is authorized to adopt from time to time amendments to the Amended and Restated Articles of Incorporation, as amended, fixing, with respect to each such series, the matters described in clauses (a) through (i), both inclusive, of this Section and is authorized to take such actions with respect thereto as may be required by law in order to effect such amendments.

Section 2. *Dividends.*

(a) The holders of Class B Shares of each series, in preference to the holders of Common Shares and of any other class of shares ranking junior to the Class B Shares, shall be entitled to receive out of any funds legally available therefor, and when and as declared by the Board of Directors, dividends in cash at the rate or rates for such series fixed in accordance with the provisions of Section 1 above and no more, payable on the dates fixed for such series. Such dividends shall accrue and be cumulative, in the case of shares of each particular series, from and after the date or dates fixed with respect to such series. No dividends shall be paid upon or declared or set apart for any series of the Class B Shares for any dividend period unless at the same time (i) a like proportionate dividend for the dividend periods terminating on the same or any earlier date, ratably in proportion to the respective annual dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class B Shares of all series then issued and outstanding and entitled to receive such dividend and (ii) the dividends payable for the dividend periods terminating on the same or any earlier date (but, with respect to the Noncumulative Shares, only with respect to the then current dividend period), ratably in proportion to the respective dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class A Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares then issued and outstanding and entitled to receive such dividends.

(b) So long as any Class B Shares shall be outstanding no dividend, except a dividend payable in Common Shares or other shares ranking junior to the Class B Shares, shall be paid or declared or any distribution be made, except as aforesaid, in respect of the Common Shares or any other shares ranking junior to the Class B Shares, nor shall any Common Shares or any other shares ranking junior to the Class B Shares be purchased, retired or otherwise acquired by the Corporation, except out of the proceeds of the sale of Common Shares or other shares of the Corporation ranking junior to the Class B Shares received by the Corporation subsequent to the date of first issuance of Class B Shares of any series, unless:

(1) All accrued and unpaid dividends on Cumulative Shares, including the full dividends for all current dividend periods, shall have been declared and paid or a sum sufficient for payment thereof set apart;

(2) All unpaid dividends on Noncumulative Shares for the then current dividend period shall have been declared and paid or a sum sufficient for payment thereof set apart; and

(3) There shall be no arrearages with respect to the redemption of Cumulative Shares or Noncumulative Shares of any series from any sinking fund provided for shares of such series in accordance with the provisions of Section 1 of this Item II.

(c) The foregoing restrictions on the payment of dividends or other distributions on, or on the purchase, redemption, retirement or other acquisition of, Common Shares or any other shares ranking on a parity with or junior to the Class B Shares shall be inapplicable to (i) any payments in lieu of issuance of fractional shares thereof, whether upon any merger, conversion, stock dividend or otherwise, (ii) the conversion of Cumulative Shares or Noncumulative Shares into Common Shares or (iii) the exercise by the Corporation of its rights pursuant to Item XIV(d) of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized.

(d) If, for any taxable year, the Corporation elects to designate as "capital gain dividends" (as defined in Section 857 of the Code) any portion (the "Capital Gains Amount") of the dividends paid or made available for the year to holders of all classes of stock (the "Total Dividends"), then, to the extent permissible under the Code and to the extent that it does not cause any dividends to fail to qualify for the dividends paid deduction under Section 561 of the Code, the portion of

the Capital Gains Amount that shall be allocable to holders of the Class B Shares shall be the amount that the total dividends paid or made available to the holders of the Class B Shares for the year bears to the Total Dividends.

Section 3. *Redemption.*

(a) Subject to the express terms of each series, the Corporation:

(1) May, from time to time at the option of the Board of Directors, redeem all or any part of any redeemable series of Class B Shares at the time outstanding at the applicable redemption price for such series fixed in accordance with the provisions of Section 1 of this Item II; and

(2) Shall, from time to time, make such redemptions of each series of Class B Shares as may be required to fulfill the requirements of any sinking fund provided for shares of such series at the applicable sinking fund redemption price fixed in accordance with the provisions of Section 1 of this Item II; and shall in each case pay all accrued and unpaid dividends to the redemption date.

(b) (1) Notice of every such redemption shall be mailed, postage prepaid, to the holders of record of the Class B Shares to be redeemed at their respective addresses then appearing on the books of the Corporation, not less than 30 days nor more than 60 days prior to the date fixed for such redemption, or such other time prior thereto as the Board of Directors shall fix for any series pursuant to Section 1 of this Item II prior to the issuance thereof. At any time after notice as provided above has been deposited in the mail, the Corporation may deposit the aggregate redemption price of Class B Shares to be redeemed, together with accrued and unpaid dividends thereon to the redemption date, with any bank or trust company in Cleveland, Ohio, or New York, New York, having capital and surplus of not less than \$100,000,000 named in such notice and direct that there be paid to the respective holders of the Class B Shares so to be redeemed amounts equal to the redemption price of the Class B Shares so to be redeemed, together with such accrued and unpaid dividends thereon, on surrender of the share certificate or certificates held by such holders; and upon the deposit of such notice in the mail and the making of such deposit of money with such bank or trust company, such holders shall cease to be shareholders with respect to such shares; and from and after the time such notice shall have been so deposited and such deposit of money shall have been so made, such holders shall have no rights or claim against the Corporation with respect to such shares, except only the right to receive such money from such bank or trust company without interest or to exercise before the redemption date any unexpired privileges of conversion. In the event less than all of the outstanding Class B Shares are to be redeemed, the Corporation shall select by lot the shares so to be redeemed in such manner as shall be prescribed by the Board of Directors.

(2) If the holders of Class B Shares which have been called for redemption shall not within six years after such deposit claim the amount deposited for the redemption thereof, any such bank or trust company shall, upon demand, pay over to the Corporation such unclaimed amounts and thereupon such bank or trust company and the Corporation shall be relieved of all responsibility in respect thereof and to such holders.

(c) Any Class B Shares which are (1) redeemed by the Corporation pursuant to the provisions of this Section, (2) purchased and delivered in satisfaction of any sinking fund requirements provided for shares of such series, (3) converted in accordance with the express terms thereof, or (4) otherwise acquired by the Corporation shall resume the status of authorized but unissued Class B Shares without serial designation.

(d) Except in connection with the exercise of the Corporation's rights pursuant to Section (d) of Item XIV of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized, the Corporation may not purchase or redeem (for sinking fund purposes or otherwise) less than all of the Class B Shares then outstanding except in accordance with a stock purchase offer made to all holders of record of Class B Shares, unless all dividends on all Class B Shares then outstanding for all previous and current dividend periods shall have been declared and paid or funds therefor set apart and all accrued sinking fund obligations applicable thereto shall have been complied with.

Section 4. *Liquidation.*

(a) (1) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of Class B Shares of any series shall be entitled to receive in full out of the assets of the Corporation, including its capital, before any amount shall be paid or distributed among the holders of the Common Shares or any other shares ranking junior to the Class B Shares, the amounts fixed with respect to shares of such series in accordance with Section 1 of this Item II, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment of the amount due pursuant to such liquidation, dissolution or winding up of the affairs of the Corporation. In the event the net assets of the Corporation legally available therefor are insufficient to permit the payment upon all outstanding Cumulative Shares and Noncumulative Shares of the full preferential amount to which they are respectively

entitled, then such net assets shall be distributed ratably upon all outstanding Cumulative Shares and Noncumulative Shares in proportion to the full preferential amount to which each such share is entitled.

(2) After payment to the holders of Class B Shares of the full preferential amounts as aforesaid, the holders of Class B Shares, as such, shall have no right or claim to any of the remaining assets of the Corporation.

(b) The merger or consolidation of the Corporation into or with any other Corporation, the merger of any other corporation into it, or the sale, lease or conveyance of all or substantially all the assets of the Corporation shall not be deemed to be a dissolution, liquidation or winding up for the purposes of this Section.

Section 5. *Voting.*

(a) The holders of Class B Shares shall have no voting rights, except as provided in this Section or required by law.

(b) (1) If, and so often as, the Corporation shall be in default in the payment of dividends on any series of Class B Shares at the time outstanding, whether or not earned or declared, for a number of dividend payment periods, whether consecutive or not, which in the aggregate contain at least 540 days, all holders of Class B Shares, voting separately as a class, together with all Class A Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares upon which like voting rights have been conferred and are exercisable under the circumstances described in Subsection 5(c), shall be entitled to elect, as herein provided, a total of two members of the Board of Directors of the Corporation; provided, however, that the holders of such Class B Shares shall not exercise such special class voting rights except at meetings of such shareholders for the election of directors at which the holders of not less than 50% of such Class B Shares are present in person or by proxy; and provided further that the special class voting rights provided for in this paragraph when the same shall have become vested shall remain so vested until all accrued and unpaid dividends on such Class B Shares then outstanding shall have been paid or declared and a sum sufficient therefor set aside for payment, whereupon the holders of such Class B Shares shall be divested of their special class voting rights in respect of subsequent elections of directors, subject to the revesting of such special class voting rights in the event above specified in this paragraph.

(2) In the event of default entitling holders of Class B Shares to elect two directors as specified in paragraph (1) of this Subsection, a special meeting of such holders for the purpose of electing such directors shall be called by the Secretary of the Corporation upon written request of, or may be called by, the holders of record of at least 10% of the Class B Shares upon which such default in the payment of dividends exists and notice thereof shall be given in the same manner as that required for the annual meeting of shareholders; provided, however, that the Corporation shall not be required to call such special meeting if the annual meeting of shareholders shall be called to be held within 90 days after the date of receipt of the foregoing written request from the holders of Class B Shares. At any meeting at which such holders of Class B Shares shall be entitled to elect directors, holders of 50% of such Class B Shares, present in person or by proxy, shall be sufficient to constitute a quorum, and the vote of the holders of a majority of such shares so present at any such meeting at which there shall be such a quorum shall be sufficient to elect the members of the Board of Directors which such holders of Class B Shares are entitled to elect as herein provided. Notwithstanding any provision of these Amended and Restated Articles of Incorporation, as amended, or the Code of Regulations of the Corporation or any action taken by the holders of any class of shares fixing the number of directors of the Corporation, the two directors who may be elected by such holders of Class B Shares pursuant to this Subsection shall serve in addition to any other directors then in office or proposed to be elected otherwise than pursuant to this Subsection. Nothing in this Subsection shall prevent any change otherwise permitted in the total number of or classifications of directors of the Corporation nor require the resignation of any director elected otherwise than pursuant to this Subsection. Notwithstanding any classification of the other directors of the Corporation, the two directors elected by such holders of Class B Shares shall be elected annually for terms expiring at the next succeeding annual meeting of shareholders.

(3) Upon any divesting of the special class voting rights of the holders of the Class B Shares in respect of elections of directors as provided in this Subsection, the terms of office of all directors then in office elected by such holders shall terminate immediately thereupon. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, removal from office or otherwise, the remaining director elected by such holders voting as a class may elect a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) If at any time when the holders of Class B Shares are entitled to elect directors pursuant to the foregoing provisions of this Section the holders of any Class A Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares or Noncumulative Shares are entitled to elect directors pursuant hereto by reason of any default in the payment of dividends thereon, then the voting rights of the Cumulative Shares and the Noncumulative Shares then entitled to vote shall be combined (with class of shares having a number of votes proportional to the aggregate liquidation preference of its outstanding shares). In such case, the holders of Class B Shares and of all such other shares then entitled so to vote, voting as a class, shall elect such

directors. If the holders of any such other shares have elected such directors prior to the happening of the default or event permitting the holders of Class B Shares to elect directors, or prior to a written request for the holding of a special meeting being received by the Secretary of the Corporation as required above, then a new election shall be held with all such other shares and the Class B Shares voting together as a single class for such directors, resulting in the termination of the term of such previously elected directors upon the election of such new directors.

(d) The affirmative vote of the holders of at least two-thirds of the Class B Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose, shall be necessary to effect either of the following:

(1) Any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of Class B Shares which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class B Shares or of any shares ranking on a parity with or junior to the Class B Shares nor the amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially preferences or voting or other rights of the holders of Class B Shares; or

(2) The authorization, creation or increase in the authorized number of any shares, or any security convertible into shares, in either case ranking prior to such Class B Shares.

(e) In the event, and only to the extent, that (1) Class B Shares are issued in more than one series and (2) Ohio law permits the holders of a series of a class of capital stock to vote separately as a class, the affirmative vote of the holders of at least two-thirds of each series of Class B Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose of voting on such matters, shall be required for any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of these Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of such series which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class B Shares or of any shares remaining on a parity with or junior to the Class B Shares nor the amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially preferences or voting or other rights of the holders of such series.

Section 6. *9.44% Class B Cumulative Redeemable Preferred Shares*. Of the 750,000 authorized Class B Shares, 177,500 shares are designated as a series entitled "9.44% Class B Cumulative Redeemable Preferred Shares" (hereinafter called "9.44% Class B Preferred Shares"). The 9.44% Class B Preferred Shares shall have the express terms set forth in this Item II as being applicable to all Class B Shares as a class and, in addition, the following express terms applicable to all 9.44% Class B Preferred Shares as a series of Class B Shares:

(a) The annual dividend rate of the 9.44% Class B Preferred Shares shall be 9.44% of the liquidation preference of \$250.00 per share.

(b) Dividends on the 9.44% Class B Preferred Shares shall be payable, if declared, quarterly on or about the 15th day of March, June, September, and December each year, the first quarterly dividend being payable, if declared, on March 15, 1996. The dividends payable for each full quarterly dividend period on each 9.44% Class B Preferred Share shall be \$5.90.

Dividends for the initial dividend period on the 9.44% Class B Preferred Shares, or for any period shorter or longer than a full dividend period on the 9.44% Class B Preferred Shares, shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The aggregate dividend payable quarterly to each holder of 9.44% Class B Preferred Shares shall be rounded to the nearest one-hundredth of one cent with \$.00005 being rounded upward. Each dividend shall be payable to the holders of record on such record date, no less than 10 nor more than 30 days preceding the payment date thereof, as shall be fixed from time to time by the Corporation's Board of Directors.

(c) Dividends on 9.44% Class B Preferred Shares shall be cumulative as follows:

(1) With respect to shares included in the initial issue of 9.44% Class B Preferred Shares and shares issued any time thereafter up to and including the record date for the payment of the first dividend on the initial issue of 9.44% Class B Preferred Shares, dividends shall be cumulative from the date of the initial issue of 9.44% Class B Preferred Shares; and

(2) With respect to shares issued any time after the aforesaid record date, dividends shall be cumulative from the dividend payment date next preceding the date of issue of such shares, except that if such shares are issued during the period commencing the day after the record date for the payment of a dividend on 9.44% Class B Preferred Shares and ending on the payment date of that dividend, dividends with respect to such shares shall be cumulative from that dividend payment date.

(d) Except as required to preserve the Corporation's status as a real estate investment trust under the Internal Revenue Code of 1986, as amended, the 9.44% Class B Preferred Shares may not be redeemed prior to December 26, 2000. At any time or from time to time on and after December 26, 2000 the Corporation, at its option upon not less than thirty (30) nor more than sixty (60) days' written notice, may redeem all or any part of the 9.44% Class B Preferred Shares at a redemption price of \$250.00 per share plus, in each case, an amount equal to all dividends accrued and unpaid thereon to the redemption date, without interest. The redemption price (other than the portion thereof consisting of accrued and unpaid dividends) is payable solely out of the sale proceeds of other capital shares of the Corporation, which may include any equity securities (including common shares and preferred shares), shares, interests, participation or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable for equity securities), or options to purchase any of the foregoing.

(e) The amount payable per 9.44% Class B Preferred Share in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation shall be \$250.00, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment.

(f) All dividend payments made on the 9.44% Class B Preferred Shares, at any time during which the Corporation is in default in the payment of dividends on such 9.44% Class B Preferred Shares for any dividend period, shall, for the purposes of Section 5(b)(1) of this Item II, be deemed to be made in respect of the earliest dividend period with respect to which the Corporation is in default.

III. *The Class C Cumulative Preferred Shares.* The Class C Shares shall have the following express terms:

Section 1. *Series.* The Class C Shares may be issued from time to time in one or more series. All Class C Shares shall be of equal rank and shall be identical, except in respect of the matters that may be fixed by the Board of Directors as hereinafter provided, and each share of a series shall be identical with all other shares of such series, except as to the dates from which dividends shall accrue and be cumulative. All Class C Shares shall rank on a parity with the Class A Shares, Class B Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares and shall be identical to all Class A Shares, Class B Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares except (1) in respect of the matters that may be fixed by the Board of Directors as provided in clauses (a) through (i), inclusive, of this Section 1 and (2) only dividends on Cumulative Shares shall be cumulative as set forth herein. Subject to the provisions of Sections 2 through 5, both inclusive, and Item XIII of this Division, which provisions shall apply to all Class C Shares, the Board of Directors hereby is authorized to cause such shares to be issued in one or more series and, with respect to each such series to determine and fix prior to the issuance thereof (and thereafter, to the extent provided in clause (b) of this Section), the following:

- (a) The designation of the series, which may be by distinguishing number, letter or title;
- (b) The authorized number of shares of the series, which number the Board of Directors may (except where otherwise provided in the creation of the series) increase or decrease from time to time before or after the issuance thereof (but not below the number of shares thereof then outstanding);
- (c) The dividend rate or rates of the series, including the means by which such rates may be established;
- (d) The date or dates from which dividends shall accrue and be cumulative and the dates on which and the period or periods for which dividends, if declared, shall be payable, including the means by which such dates and periods may be established;
- (e) The redemption rights and price or prices, if any, for shares of the series;
- (f) The terms and amount of the sinking fund, if any, for the purchase or redemption of shares of the series;
- (g) The amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;
- (h) Whether the shares of the series shall be convertible into Common Shares or shares of any other class and, if so, the conversion rate or rates or price or prices, any adjustments thereof and all other terms and conditions upon which such conversion may be made; and

(i) Restrictions (in addition to those set forth in Subsection 5(d) or 5(e) of this Item III) on the issuance of shares of the same series or of any other class or series.

The Board of Directors is authorized to adopt from time to time amendments to the Amended and Restated Articles of Incorporation, as amended, fixing, with respect to each such series, the matters described in clauses (a) through (i), inclusive, of this Section and is authorized to take such actions with respect thereto as may be required by law in order to effect such amendments.

Section 2. *Dividends.*

(a) The holders of Class C Shares of each series, in preference to the holders of Common Shares and of any other class of shares ranking junior to the Class C Shares, shall be entitled to receive out of any funds legally available therefor, and when and as declared by the Board of Directors, dividends in cash at the rate or rates for such series fixed in accordance with the provisions of Section 1 above and no more, payable on the dates fixed for such series. Such dividends shall accrue and be cumulative, in the case of shares of each particular series, from and after the date or dates fixed with respect to such series. No dividends shall be paid upon or declared or set apart for any series of the Class C Shares for any dividend period unless at the same time (i) a like proportionate dividend for the dividend periods terminating on the same or any earlier date, ratably in proportion to the respective annual dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class C Shares of all series then issued and outstanding and entitled to receive such dividend and (ii) the dividends payable for the dividend periods terminating on the same or any earlier date (but, with respect to Noncumulative Shares, only with respect to the then current dividend period), ratably in proportion to the respective dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class A Shares, Class B Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares then issued and outstanding and entitled to receive such dividends.

(b) So long as any Class C Shares shall be outstanding no dividend, except a dividend payable in Common Shares or other shares ranking junior to the Class C Shares, shall be paid or declared or any distribution be made, except as aforesaid, in respect of the Common Shares or any other shares ranking junior to the Class C Shares, nor shall any Common Shares or any other shares ranking junior to the Class C Shares be purchased, retired or otherwise acquired by the Corporation, except out of the proceeds of the sale of Common Shares or other shares of the Corporation ranking junior to the Class C Shares received by the Corporation subsequent to the date of first issuance of Class C Shares of any series, unless:

(1) All accrued and unpaid dividends on Cumulative Shares, including the full dividends for all current dividend periods, shall have been declared and paid or a sum sufficient for payment thereof set apart;

(2) All unpaid dividends on Noncumulative Shares for the then current dividend period shall have been declared and paid or a sum sufficient for payment therefor set apart; and

(3) There shall be no arrearages with respect to the redemption of Cumulative Shares or Noncumulative Shares of any series from any sinking fund provided for shares of such series in accordance with the provisions of Section 1 of this Item III.

(c) The foregoing restrictions on the payment of dividends or other distributions on, or on the purchase, redemption retirement or other acquisition of, Common Shares or any other shares ranking on a parity with or junior to the Class C Shares shall be inapplicable to (i) any payments in lieu of issuance of fractional shares thereof, whether upon any merger, conversion, stock dividend or otherwise, (ii) the conversion of Cumulative Shares or Noncumulative Shares into Common Shares, or (iii) the exercise by the Corporation of its rights pursuant to Item XIV(d) of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized.

(d) If, for any taxable year, the Corporation elects to designate as "capital gain dividends" (as defined in Section 857 of the Code) any portion (the "Capital Gains Amount") of the dividends paid or made available for the year to holders of all classes of stock (the "Total Dividends"), then, to the extent permissible under the Code and to the extent it does not cause any dividends to fail to qualify for the dividends paid deduction under Section 561 of the Code, the portion of the Capital Gains Amount that shall be allocable to holders of the Class C Shares shall be the amount that the total dividends paid or made available to the holders of the Class C Shares for the year bears to the Total Dividends.

Section 3. *Redemption.*

(a) Subject to the express terms of each series, the Corporation:

(1) May, from time to time at the option of the Board of Directors, redeem all or any part of any redeemable series of Class C Shares at the time outstanding at the applicable redemption price for such series fixed in accordance with the provisions of Section 1 of this Item III; and

(2) Shall, from time to time, make such redemptions of each series of Class C Shares as may be required to fulfill the requirements of any sinking fund provided for shares of such series at the applicable sinking fund redemption price fixed in accordance with the provisions of Section 1 of this Item III; and shall in each case pay all accrued and unpaid dividends to the redemption date.

(b) (1) Notice of every such redemption shall be mailed, postage prepaid, to the holders of record of the Class C Shares to be redeemed at their respective addresses then appearing on the books of the Corporation, not less than 30 days nor more than 60 days prior to the date fixed for such redemption, or such other time prior thereto as the Board of Directors shall fix for any series pursuant to Section 1 of this Item III prior to the issuance thereof. At any time after notice as provided above has been deposited in the mail, the Corporation may deposit the aggregate redemption price of Class C Shares to be redeemed, together with accrued and unpaid dividends thereon to the redemption date, with any bank or trust company in Cleveland, Ohio, or New York, New York, having capital and surplus of not less than \$100,000,000 named in such notice and direct that there be paid to the respective holders of the Class C Shares so to be redeemed amounts equal to the redemption price of the Class C Shares so to be redeemed, together with such accrued and unpaid dividends thereon, on surrender of the share certificate or certificates held by such holders; and upon the deposit of such notice in the mail and the making of such deposit of money with such bank or trust company, such holders shall cease to be shareholders with respect to such shares; and from and after the time such notice shall have been so deposited and such deposit of money shall have been so made, such holders shall have no rights or claim against the Corporation with respect to such shares, except only the right to receive such money from such bank or trust company without interest or to exercise before the redemption date any unexpired privileges of conversion. In the event less than all of the outstanding Class C Shares are to be redeemed, the Corporation shall select by lot the shares so to be redeemed in such manner as shall be prescribed by the Board of Directors.

(2) If the holders of Class C Shares which have been called for redemption shall not within six years after such deposit claim the amount deposited for the redemption thereof, any such bank or trust company shall, upon demand, pay over to the Corporation such unclaimed amounts and thereupon such bank or trust company and the Corporation shall be relieved of all responsibility in respect thereof and to such holders.

(c) Any Class C Shares which are (1) redeemed by the Corporation pursuant to the provisions of this Section, (2) purchased and delivered in satisfaction of any sinking fund requirements provided for shares of such series, (3) converted in accordance with the express terms thereof, or (4) otherwise acquired by the Corporation shall resume the status of authorized but unissued Class C Shares without serial designation.

(d) Except in connection with the exercise of the Corporation's rights pursuant to Section (d) of Item XIV of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized, the Corporation may not purchase or redeem (for sinking fund purposes or otherwise) less than all of the Class C Shares then outstanding except in accordance with a stock purchase offer made to all holders of record of Class C Shares, unless all dividends on all Class C Shares then outstanding for all previous and current dividend periods shall have been declared and paid or funds therefor set apart and all accrued sinking fund obligations applicable thereto shall have been complied with.

Section 4. *Liquidation.*

(a) (1) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of Class C Shares of any series shall be entitled to receive in full out of the assets of the Corporation, including its capital, before any amount shall be paid or distributed among the holders of the Common Shares or any other shares ranking junior to the Class C Shares, the amounts fixed with respect to shares of such series in accordance with Section 1 of this Item III, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment of the amount due pursuant to such liquidation, dissolution or winding up of the affairs of the Corporation. In the event the net assets of the Corporation legally available therefor are insufficient to permit the payment upon all outstanding Cumulative Shares and Noncumulative Shares of the full preferential amount to which they are respectively entitled, then such net assets shall be distributed ratably upon all outstanding Cumulative Shares and Noncumulative Shares in proportion to the full preferential amount to which each such share is entitled.

(2) After payment to the holders of Class C Shares of the full preferential amounts as aforesaid, the holders of Class C Shares, as such, shall have no right or claim to any of the remaining assets of the Corporation.

(b) The merger or consolidation of the Corporation into or with any other Corporation, the merger of any other Corporation into it, or the sale, lease or conveyance of all or substantially all the assets of the Corporation shall not be deemed to be a dissolution, liquidation or winding up for the purposes of this Section.

Section 5. *Voting.*

(a) The holders of Class C Shares shall have no voting rights, except as provided in this Section or required by law.

(b) (1) If, and so often as, the Corporation shall be in default in the payment of dividends on any series of Class C Shares at the time outstanding, whether or not earned or declared, for a number of dividend payment periods, whether consecutive or not, which in the aggregate contain at least 540 days, all holders of such Class C Shares, voting separately as a class, together with all Class A Shares, Class B Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares upon which like voting rights have been conferred and are exercisable under the circumstances described in Subsection 5(c), shall be entitled to elect, as herein provided, a total of two members of the Board of Directors of the Corporation; provided, however, that the holders of such Class C Shares shall not exercise such special class voting rights except at meetings of such shareholders for the election of directors at which the holders of not less than 50% of such Class C Shares are present in person or by proxy; and provided further that the special class voting rights provided for in this paragraph when the same shall have become vested shall remain so vested until all accrued and unpaid dividends on such Class C Shares then outstanding shall have been paid or declared and a sum sufficient for the payment thereof set aside for payment, whereupon the holders of such Class C Shares shall be divested of their special class voting rights in respect of subsequent elections of directors, subject to the revesting of such special class voting rights in the event above specified in this paragraph. All dividend payments made on the Class C Shares, at any time during which the Corporation is in default in the payment of dividends on such Class C Shares for any dividend period, shall be deemed to be made in respect of the earliest dividend period with respect to which the Corporation is in default.

(2) In the event of default entitling holders of Class C Shares to elect two directors as specified in paragraph (1) of this Subsection, a special meeting of such holders for the purpose of electing such directors shall be called by the Secretary of the Corporation upon written request of, or may be called by, the holders of record of at least 10% of the Class C Shares upon which such default in the payment of dividends exists and notice thereof shall be given in the same manner as that required for the annual meeting of shareholders; provided, however, that the Corporation shall not be required to call such special meeting if the annual meeting of shareholders shall be called to be held within 90 days after the date of receipt of the foregoing written request from the holders of Class C Shares. At any meeting at which such holders of Class C Shares shall be entitled to elect directors, holders of 50% of such Class C Shares, present in person or by proxy, shall be sufficient to constitute a quorum, and the vote of the holders of a majority of such shares so present at any such meeting at which there shall be such a quorum shall be sufficient to elect the members of the Board of Directors which such holders of Class C Shares are entitled to elect as herein provided. Notwithstanding any provision of these Amended and Restated Articles of Incorporation, as amended, or the Code of Regulations of the Corporation or any action taken by the holders of any class of shares fixing the number of directors of the Corporation, the two directors who may be elected by such holders of Class C Shares pursuant to this Subsection shall serve in addition to any other directors then in office or proposed to be elected otherwise than pursuant to this Subsection. Nothing in this Subsection shall prevent any change otherwise permitted in the total number of or classifications of directors of the Corporation or require the resignation of any director elected otherwise than pursuant to this Subsection. Notwithstanding any classification of the other directors of the Corporation, the two directors elected by such holders of Class C Shares shall be elected annually for terms expiring at the next succeeding annual meeting of shareholders.

(3) Upon any divesting of the special class voting rights of the holders of the Class C Shares in respect of elections of directors as provided in this Subsection, the terms of office of all directors then in office elected by such holders shall terminate immediately thereupon. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, removal from office or otherwise, the remaining director elected by such holders voting as a class may elect a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) If at any time when the holders of Class C Shares are entitled to elect directors pursuant to the foregoing provisions of this Section the holders of any Class A Shares, Class B Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares or Noncumulative Shares are entitled to elect directors pursuant hereto by reason of any default in the payment of dividends thereon, then the voting rights of the Cumulative Shares and the Noncumulative Shares then entitled to vote shall be combined (with each class of shares having a number of votes proportional to the aggregate liquidation preference of its outstanding shares). In such

case, the holders of Class C Shares and of all such other shares then entitled so to vote, voting as a class, shall elect such directors. If the holders of any such other shares have elected such directors prior to the happening of the default or event permitting the holders of Class C Shares to elect directors, or prior to a written request for the holding of a special meeting being received by the Secretary of the Corporation as required above, then a new election shall be held with all such other shares and the Class C Shares voting together as a single class for such directors, resulting in the termination of the term of such previously elected directors upon the election of such new directors.

(d) The affirmative vote of the holders of at least two-thirds of the Class C Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose, shall be necessary to effect either of the following:

(1) Any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of Class C Shares which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class C Shares or of any shares ranking on a parity with or junior to the Class C Shares nor the amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially preferences or voting or other rights of the holders of Class C Shares; or

(2) The authorization, creation or increase in the authorized number of any shares, or any security convertible into shares, in either case ranking prior to such series of Class C Shares.

(e) In the event, and only to the extent, that (1) Class C Shares are issued in more than one series and (2) Ohio law permits the holders of a series of a class of capital stock to vote separately as a class, the affirmative vote of the holders of at least two-thirds of each series of Class C Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose of voting on such matters, shall be required for any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of these Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of such series which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class C Shares or of any shares ranking on a parity with or junior to the Class C Shares nor the Amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially the preferences or voting or other rights of the holders of such series.

Section 6. *8³/₈% Class C Cumulative Redeemable Preferred Shares.* Of the 750,000 authorized Class C Shares, 460,000 shares are designated as a series entitled "8³/₈% Class C Cumulative Redeemable Preferred Shares" (hereinafter called "8³/₈% Class C Preferred Shares"). The 8³/₈% Class C Preferred Shares shall have the express terms set forth in this Division as being applicable to all Class C Shares as a class and, in addition, the following express terms applicable to all 8³/₈% Class C Preferred Shares as a series of Class C Shares:

(a) The annual dividend rate of the 8³/₈% Class C Preferred Shares shall be 8³/₈% of the liquidation preference of \$250.00 per share.

(b) Dividends on the 8³/₈% Class C Preferred Shares shall be payable, if declared, quarterly on or about the fifteenth day of March, June, September, and December each year, the first quarterly dividend being payable, if declared, on September 15, 1998. The dividends payable for each full quarterly dividend period on each 8³/₈% Class C Preferred Share shall be \$5.234375.

Dividends for the initial dividend period on the 8³/₈% Class C Preferred Shares, or for any period shorter or longer than a full dividend period on the 8³/₈% Class C Preferred Shares, shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The aggregate dividend payable quarterly to each holder of 8³/₈% Class C Preferred Shares shall be rounded to the nearest one-hundredth of one cent with \$.00005 being rounded upward. Each dividend shall be payable to the holders of record on such record date, no less than 10 nor more than 30 days preceding the payment date thereof, as shall be fixed from time to time by the Corporation's Board of Directors.

(c) Dividends on 8³/₈% Class C Preferred Shares shall be cumulative as follows:

(1) With respect to shares included in the initial issue of 8³/₈% Class C Preferred Shares and shares issued any time thereafter up to and including the record date for the payment of the first dividend on the initial issue of 8³/₈% Class C Preferred Shares, dividends shall be cumulative from the date of the initial issue of 8³/₈% Class C Preferred Shares; and

(2) With respect to shares issued any time after the aforesaid record date, dividends shall be cumulative from the dividend payment date next preceding the date of issue of such shares, except that if such shares are issued during the period commencing the day after the record date for the payment of a dividend on 8 ³/₈% Class C Preferred Shares and ending on the payment date of that dividend, dividends with respect to such shares shall be cumulative from that dividend payment date.

(d) Except as required to preserve the Corporation's status as a real estate investment trust under the Internal Revenue Code of 1986, as amended, the 8 ³/₈% Class C Preferred Shares may not be redeemed prior to July 7, 2003. At any time or from time to time on and after July 7, 2003 the Corporation, at its option upon not less than thirty (30) nor more than sixty (60) days' written notice, may redeem all or any part of the 8 ³/₈% Class C Preferred Shares at a redemption price of \$250.00 per share plus, in each case, an amount equal to all dividends accrued and unpaid thereon to the redemption date, without interest. The redemption price (other than the portion thereof consisting of accrued and unpaid dividends) is payable solely out of the sale proceeds of other capital shares of the Corporation, which may include any equity securities (including common shares and preferred shares), shares, interests, participation or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable for equity securities), or options to purchase any of the foregoing.

(e) The amount payable per 8 ³/₈% Class C Preferred Share in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation shall be \$250.00, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment.

(f) All dividend payments made on the 8 ³/₈% Class C Preferred Shares, at any time during which the Corporation is in default in the payment of dividends on such 8 ³/₈% Class C Preferred Shares for any dividend period, shall, for the purposes of Section 5(b)(1) of this Division A-III, be deemed to be made in respect of the earliest dividend period with respect to which the Corporation is in default.

IV. *The Class D Cumulative Preferred Shares.* The Class D Shares shall have the following express terms:

Section 1. *Series.* The Class D Shares may be issued from time to time in one or more series. All Class D Shares shall be of equal rank and shall be identical, except in respect of the matters that may be fixed by the Board of Directors as hereinafter provided, and each share of a series shall be identical with all other shares of such series, except as to the dates from which dividends shall accrue and be cumulative. All Class D Shares shall rank on a parity with the Class A Shares, Class B Shares, Class C Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares and shall be identical to all Class A Shares, Class B Shares, Class C Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares except (1) in respect of the matters that may be fixed by the Board of Directors as provided in clauses (a) through (i), inclusive, of this Section 1 and (2) only dividends on Cumulative Shares shall be cumulative as set forth herein. Subject to the provisions of Sections 2 through 5, both inclusive, and Item XIII of this Division, which provisions shall apply to all Class D Shares, the Board of Directors hereby is authorized to cause such shares to be issued in one or more series and, with respect to each such series to determine and fix prior to the issuance thereof (and thereafter, to the extent provided in clause (b) of this Section), the following:

- (a) The designation of the series, which may be by distinguishing number, letter or title;
- (b) The authorized number of shares of the series, which number the Board of Directors may (except where otherwise provided in the creation of the series) increase or decrease from time to time before or after the issuance thereof (but not below the number of shares thereof then outstanding);
- (c) The dividend rate or rates of the series, including the means by which such rates may be established;
- (d) The date or dates from which dividends shall accrue and be cumulative and the dates on which and the period or periods for which dividends, if declared, shall be payable, including the means by which such dates and periods may be established;
- (e) The redemption rights and price or prices, if any, for shares of the series;
- (f) The terms and amount of the sinking fund, if any, for the purchase or redemption of shares of the series;
- (g) The amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;
- (h) Whether the shares of the series shall be convertible into Common Shares or shares of any other class and, if so, the conversion rate or rates or price or prices, any adjustments thereof and all other terms and conditions upon which such conversion may be made; and

(i) Restrictions (in addition to those set forth in Subsection 5(d) or 5(e) of this Item IV) on the issuance of shares of the same series or of any other class or series.

The Board of Directors is authorized to adopt from time to time amendments to the Amended and Restated Articles of Incorporation, as amended, fixing, with respect to each such series, the matters described in clauses (a) through (i), inclusive, of this Section and is authorized to take such actions with respect thereto as may be required by law in order to effect such amendments.

Section 2. *Dividends.*

(a) The holders of Class D Shares of each series, in preference to the holders of Common Shares and of any other class of shares ranking junior to the Class D Shares, shall be entitled to receive out of any funds legally available therefor, and when and as declared by the Board of Directors, dividends in cash at the rate or rates for such series fixed in accordance with the provisions of Section 1 above and no more, payable on the dates fixed for such series. Such dividends shall accrue and be cumulative, in the case of shares of each particular series, from and after the date or dates fixed with respect to such series. No dividends shall be paid upon or declared or set apart for any series of the Class D Shares for any dividend period unless at the same time (i) a like proportionate dividend for the dividend periods terminating on the same or any earlier date, ratably in proportion to the respective annual dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class D Shares of all series then issued and outstanding and entitled to receive such dividend and (ii) the dividends payable for the dividend periods terminating on the same or any earlier date (but, with respect to Noncumulative Shares, only with respect to the then current dividend period), ratably in proportion to the respective dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class A Shares, Class B Shares, Class C Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares then issued and outstanding and entitled to receive such dividends.

(b) So long as any Class D Shares shall be outstanding no dividend, except a dividend payable in Common Shares or other shares ranking junior to the Class D Shares, shall be paid or declared or any distribution be made, except as aforesaid, in respect of the Common Shares or any other shares ranking junior to the Class D Shares, nor shall any Common Shares or any other shares ranking junior to the Class D Shares be purchased, retired or otherwise acquired by the Corporation, except out of the proceeds of the sale of Common Shares or other shares of the Corporation ranking junior to the Class D Shares received by the Corporation subsequent to the date of first issuance of Class D Shares of any series, unless:

(1) All accrued and unpaid dividends on Cumulative Shares, including the full dividends for all current dividend periods, shall have been declared and paid or a sum sufficient for payment thereof set apart;

(2) All unpaid dividends on Noncumulative Shares for the then current dividend period shall have been declared and paid or a sum sufficient for payment therefor set apart; and

(3) There shall be no arrearages with respect to the redemption of Cumulative Shares or Noncumulative Shares of any series from any sinking fund provided for shares of such series in accordance with the provisions of Section 1 of this Item IV.

(c) The foregoing restrictions on the payment of dividends or other distributions on, or on the purchase, redemption retirement or other acquisition of, Common Shares or any other shares ranking on a parity with or junior to the Class D Shares shall be inapplicable to (i) any payments in lieu of issuance of fractional shares thereof, whether upon any merger, conversion, stock dividend or otherwise, (ii) the conversion of Cumulative Shares or Noncumulative Shares into Common Shares, or (iii) the exercise by the Corporation of its rights pursuant to Item XIV(d) of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized.

(d) If, for any taxable year, the Corporation elects to designate as "capital gain dividends" (as defined in Section 857 of the Code) any portion (the "Capital Gains Amount") of the dividends paid or made available for the year to holders of all classes of stock (the "Total Dividends"), then, to the extent permissible under the Code and to the extent it does not cause any dividends to fail to qualify for the dividends paid deduction under Section 561 of the Code, the portion of the Capital Gains Amount that shall be allocable to holders of the Class D Shares shall be the amount that the total dividends paid or made available to the holders of the Class D Shares for the year bears to the Total Dividends.

Section 3. *Redemption.*

(a) Subject to the express terms of each series, the Corporation:

(1) May, from time to time at the option of the Board of Directors, redeem all or any part of any redeemable series of Class D Shares at the time outstanding at the applicable redemption price for such series fixed in accordance with the provisions of Section 1 of this Item IV; and

(2) Shall, from time to time, make such redemptions of each series of Class D Shares as may be required to fulfill the requirements of any sinking fund provided for shares of such series at the applicable sinking fund redemption price fixed in accordance with the provisions of Section 1 of this Item IV; and shall in each case pay all accrued and unpaid dividends to the redemption date.

(b) (1) Notice of every such redemption shall be mailed, postage prepaid, to the holders of record of the Class D Shares to be redeemed at their respective addresses then appearing on the books of the Corporation, not less than 30 days nor more than 60 days prior to the date fixed for such redemption, or such other time prior thereto as the Board of Directors shall fix for any series pursuant to Section 1 of this Item IV prior to the issuance thereof. At any time after notice as provided above has been deposited in the mail, the Corporation may deposit the aggregate redemption price of Class D Shares to be redeemed, together with accrued and unpaid dividends thereon to the redemption date, with any bank or trust company in Cleveland, Ohio, or New York, New York, having capital and surplus of not less than \$100,000,000 named in such notice and direct that there be paid to the respective holders of the Class D Shares so to be redeemed amounts equal to the redemption price of the Class D Shares so to be redeemed, together with such accrued and unpaid dividends thereon, on surrender of the share certificate or certificates held by such holders; and upon the deposit of such notice in the mail and the making of such deposit of money with such bank or trust company, such holders shall cease to be shareholders with respect to such shares; and from and after the time such notice shall have been so deposited and such deposit of money shall have been so made, such holders shall have no rights or claim against the Corporation with respect to such shares, except only the right to receive such money from such bank or trust company without interest or to exercise before the redemption date any unexpired privileges of conversion. In the event less than all of the outstanding Class D Shares are to be redeemed, the Corporation shall select by lot the shares so to be redeemed in such manner as shall be prescribed by the Board of Directors.

(2) If the holders of Class D Shares which have been called for redemption shall not within six years after such deposit claim the amount deposited for the redemption thereof, any such bank or trust company shall, upon demand, pay over to the Corporation such unclaimed amounts and thereupon such bank or trust company and the Corporation shall be relieved of all responsibility in respect thereof and to such holders.

(c) Any Class D Shares which are (1) redeemed by the Corporation pursuant to the provisions of this Section, (2) purchased and delivered in satisfaction of any sinking fund requirements provided for shares of such series, (3) converted in accordance with the express terms thereof, or (4) otherwise acquired by the Corporation shall resume the status of authorized but unissued Class D Shares without serial designation.

(d) Except in connection with the exercise of the Corporation's rights pursuant to Section (d) of Item XIV of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized, the Corporation may not purchase or redeem (for sinking fund purposes or otherwise) less than all of the Class D Shares then outstanding except in accordance with a stock purchase offer made to all holders of record of Class D Shares, unless all dividends on all Class D Shares then outstanding for all previous and current dividend periods shall have been declared and paid or funds therefor set apart and all accrued sinking fund obligations applicable thereto shall have been complied with.

Section 4. *Liquidation.*

(a) (1) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of Class D Shares of any series shall be entitled to receive in full out of the assets of the Corporation, including its capital, before any amount shall be paid or distributed among the holders of the Common Shares or any other shares ranking junior to the Class D Shares, the amounts fixed with respect to shares of such series in accordance with Section 1 of this Item IV, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment of the amount due pursuant to such liquidation, dissolution or winding up of the affairs of the Corporation. In the event the net assets of the Corporation legally available therefor are insufficient to permit the payment upon all outstanding Cumulative Shares and Noncumulative Shares of the full preferential amount to which they are respectively entitled, then such net assets shall be distributed ratably upon all outstanding Cumulative Shares and Noncumulative Shares in proportion to the full preferential amount to which each such share is entitled.

(2) After payment to the holders of Class D Shares of the full preferential amounts as aforesaid, the holders of Class D Shares, as such, shall have no right or claim to any of the remaining assets of the Corporation.

(b) The merger or consolidation of the Corporation into or with any other Corporation, the merger of any other Corporation into it, or the sale, lease or conveyance of all or substantially all the assets of the Corporation shall not be deemed to be a dissolution, liquidation or winding up for the purposes of this Section.

Section 5. *Voting.*

(a) The holders of Class D Shares shall have no voting rights, except as provided in this Section or required by law.

(b) (1) If, and so often as, the Corporation shall be in default in the payment of dividends on any series of Class D Shares at the time outstanding, whether or not earned or declared, for a number of dividend payment periods, whether consecutive or not, which in the aggregate contain at least 540 days, all holders of such Class D Shares, voting separately as a class, together with all Class A Shares, Class B Shares, Class C Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares upon which like voting rights have been conferred and are exercisable under the circumstances described in Subsection 5(c), shall be entitled to elect, as herein provided, a total of two members of the Board of Directors of the Corporation; provided, however, that the holders of such Class D Shares shall not exercise such special class voting rights except at meetings of such shareholders for the election of directors at which the holders of not less than 50% of such Class D Shares are present in person or by proxy; and provided further that the special class voting rights provided for in this paragraph when the same shall have become vested shall remain so vested until all accrued and unpaid dividends on such Class D Shares then outstanding shall have been paid or declared and a sum sufficient for the payment thereof set aside for payment, whereupon the holders of such Class D Shares shall be divested of their special class voting rights in respect of subsequent elections of directors, subject to the revesting of such special class voting rights in the event above specified in this paragraph. All dividend payments made on the Class D Shares, at any time during which the Corporation is in default in the payment of dividends on such Class D Shares for any dividend period, shall be deemed to be made in respect of the earliest dividend period with respect to which the Corporation is in default.

(2) In the event of default entitling holders of Class D Shares to elect two directors as specified in paragraph (1) of this Subsection, a special meeting of such holders for the purpose of electing such directors shall be called by the Secretary of the Corporation upon written request of, or may be called by, the holders of record of at least 10% of the Class D Shares upon which such default in the payment of dividends exists and notice thereof shall be given in the same manner as that required for the annual meeting of shareholders; provided, however, that the Corporation shall not be required to call such special meeting if the annual meeting of shareholders shall be called to be held within 90 days after the date of receipt of the foregoing written request from the holders of Class D Shares. At any meeting at which such holders of Class D Shares shall be entitled to elect directors, holders of 50% of such Class D Shares, present in person or by proxy, shall be sufficient to constitute a quorum, and the vote of the holders of a majority of such shares so present at any such meeting at which there shall be such a quorum shall be sufficient to elect the members of the Board of Directors which such holders of Class D Shares are entitled to elect as herein provided. Notwithstanding any provision of these Amended and Restated Articles of Incorporation, as amended, or the Code of Regulations of the Corporation or any action taken by the holders of any class of shares fixing the number of directors of the Corporation, the two directors who may be elected by such holders of Class D Shares pursuant to this Subsection shall serve in addition to any other directors then in office or proposed to be elected otherwise than pursuant to this Subsection. Nothing in this Subsection shall prevent any change otherwise permitted in the total number of or classifications of directors of the Corporation or require the resignation of any director elected otherwise than pursuant to this Subsection. Notwithstanding any classification of the other directors of the Corporation, the two directors elected by such holders of Class D Shares shall be elected annually for terms expiring at the next succeeding annual meeting of shareholders.

(3) Upon any divesting of the special class voting rights of the holders of the Class D Shares in respect of elections of directors as provided in this Subsection, the terms of office of all directors then in office elected by such holders shall terminate immediately thereupon. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, removal from office or otherwise, the remaining director elected by such holders voting as a class may elect a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) If at any time when the holders of Class D Shares are entitled to elect directors pursuant to the foregoing provisions of this Section the holders of any Class A Shares, Class B Shares, Class C Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares or Noncumulative Shares are entitled to elect directors pursuant hereto by reason of any default in the payment of dividends thereon, then the voting rights of the Cumulative Shares and the Noncumulative Shares then entitled to vote shall be combined (with each class of shares having a number of votes proportional to the aggregate liquidation preference of its outstanding shares). In such

case, the holders of Class D Shares and of all such other shares then entitled so to vote, voting as a class, shall elect such directors. If the holders of any such other shares have elected such directors prior to the happening of the default or event permitting the holders of Class D Shares to elect directors, or prior to a written request for the holding of a special meeting being received by the Secretary of the Corporation as required above, then a new election shall be held with all such other shares and the Class D Shares voting together as a single class for such directors, resulting in the termination of the term of such previously elected directors upon the election of such new directors.

(d) The affirmative vote of the holders of at least two-thirds of the Class D Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose, shall be necessary to effect either of the following:

(1) Any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of Class D Shares which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class D Shares or of any shares ranking on a parity with or junior to the Class D Shares nor the amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially preferences or voting or other rights of the holders of Class D Shares; or

(2) The authorization, creation or increase in the authorized number of any shares, or any security convertible into shares, in either case ranking prior to such series of Class D Shares.

(e) In the event, and only to the extent, that (1) Class D Shares are issued in more than one series and (2) Ohio law permits the holders of a series of a class of capital stock to vote separately as a class, the affirmative vote of the holders of at least two-thirds of each series of Class D Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose of voting on such matters, shall be required for any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of these Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of such series which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class D Shares or of any shares ranking on a parity with or junior to the Class D Shares nor the Amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially the preferences or voting or other rights of the holders of such series.

Section 6. *8.68% Class D Cumulative Redeemable Preferred Shares* Of the 750,000 authorized Class D Shares, 230,000 shares are designated as a series entitled "8.68% Class D Cumulative Redeemable Preferred Shares" (hereinafter called "8.68% Class D Preferred Shares"). The 8.68% Class D Preferred Shares shall have the express terms set forth in this Division as being applicable to all Class D Shares as a class and, in addition, the following express terms applicable to all 8.68% Class D Preferred Shares as a series of Class D Shares:

(a) The annual dividend rate of the 8.68% Class D Preferred Shares shall be 8.68% of the liquidation preference of \$250.00 per share.

(b) Dividends on the 8.68% Class D Preferred Shares shall be payable, if declared, quarterly on or about the fifteenth day of March, June, September, and December each year, the first quarterly dividend being payable, if declared, on December 15, 1998. The dividends payable for each full quarterly dividend period on each 8.68% Class D Preferred Share shall be \$5.425.

Dividends for the initial dividend period on the 8.68% Class D Preferred Shares, or for any period shorter or longer than a full dividend period on the 8.68% Class D Preferred Shares, shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The aggregate dividend payable quarterly to each holder of 8.68% Class D Preferred Shares shall be rounded to the nearest one-hundredth of one cent with \$.00005 being rounded upward. Each dividend shall be payable to the holders of record on such record date, no less than 10 nor more than 30 days preceding the payment date thereof, as shall be fixed from time to time by the Corporation's Board of Directors.

(c) Dividends on 8.68% Class D Preferred Shares shall be cumulative as follows:

(1) With respect to shares included in the initial issue of 8.68% Class D Preferred Shares and shares issued any time thereafter up to and including the record date for the payment of the first dividend on the initial issue of 8.68%

Class D Preferred Shares, dividends shall be cumulative from the date of the initial issue of 8.68% Class D Preferred Shares; and

(2) With respect to shares issued any time after the aforesaid record date, dividends shall be cumulative from the dividend payment date next preceding the date of issue of such shares, except that if such shares are issued during the period commencing the day after the record date for the payment of a dividend on 8.68 % Class D Preferred Shares and ending on the payment date of that dividend, dividends with respect to such shares shall be cumulative from that dividend payment date.

(d) Except as required to preserve the Corporation's status as a real estate investment trust under the Internal Revenue Code of 1986, as amended, the 8.68% Class D Preferred Shares may not be redeemed prior to August 20, 2003. At any time or from time to time on and after August 20, 2003 the Corporation, at its option upon not less than thirty (30) nor more than sixty (60) days' written notice, may redeem all or any part of the 8.68% Class D Preferred Shares at a redemption price of \$250.00 per share plus, in each case, an amount equal to all dividends accrued and unpaid thereon to the redemption date, without interest. The redemption price (other than the portion thereof consisting of accrued and unpaid dividends) is payable solely out of the sale proceeds of other capital shares of the Corporation, which may include any equity securities (including common shares and preferred shares), shares, interests, participation or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable for equity securities), or options to purchase any of the foregoing.

(e) The amount payable per 8.68% Class D Preferred Share in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation shall be \$250.00, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment.

(f) All dividend payments made on the 8.68% Class D Preferred Shares, at any time during which the Corporation is in default in the payment of dividends on such 8.68% Class D Preferred Shares for any dividend period, shall, for the purposes of Section 5(b)(1) of this Division A-IV, be deemed to be made in respect of the earliest dividend period with respect to which the Corporation is in default.

V. *The Class E Cumulative Preferred Shares.* The Class E Shares shall have the following express terms:

Section 1. *Series.* The Class E Shares may be issued from time to time in one or more series. All Class E Shares shall be of equal rank and shall be identical, except in respect of the matters that may be fixed by the Board of Directors as hereinafter provided, and each share of a series shall be identical with all other shares of such series, except as to the dates from which dividends shall accrue and be cumulative. All Class E Shares shall rank on a parity with the Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares and shall be identical to all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares except (1) in respect of the matters that may be fixed by the Board of Directors as provided in clauses (a) through (i), inclusive, of this Section 1 and (2) only dividends on Cumulative Shares shall be cumulative as set forth herein. Subject to the provisions of Sections 2 through 5, both inclusive, and Item XIII of this Division, which provisions shall apply to all Class E Shares, the Board of Directors hereby is authorized to cause such shares to be issued in one or more series and, with respect to each such series to determine and fix prior to the issuance thereof (and thereafter, to the extent provided in clause (b) of this Section), the following:

- (a) The designation of the series, which may be by distinguishing number, letter or title;
- (b) The authorized number of shares of the series, which number the Board of Directors may (except where otherwise provided in the creation of the series) increase or decrease from time to time before or after the issuance thereof (but not below the number of shares thereof then outstanding);
- (c) The dividend rate or rates of the series, including the means by which such rates may be established;
- (d) The date or dates from which dividends shall accrue and be cumulative and the dates on which and the period or periods for which dividends, if declared, shall be payable, including the means by which such dates and periods may be established;
- (e) The redemption rights and price or prices, if any, for shares of the series;
- (f) The terms and amount of the sinking fund, if any, for the purchase or redemption of shares of the series;
- (g) The amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;

(h) Whether the shares of the series shall be convertible into Common Shares or shares of any other class and, if so, the conversion rate or rates or price or prices, any adjustments thereof and all other terms and conditions upon which such conversion may be made; and

(i) Restrictions (in addition to those set forth in Subsection 5(d) or 5(e) of this Item V) on the issuance of shares of the same series or of any other class or series.

The Board of Directors is authorized to adopt from time to time amendments to the Amended and Restated Articles of Incorporation, as amended, fixing, with respect to each such series, the matters described in clauses (a) through (i), inclusive, of this Section and is authorized to take such actions with respect thereto as may be required by law in order to effect such amendments.

Section 2. *Dividends.*

(a) The holders of Class E Shares of each series, in preference to the holders of Common Shares and of any other class of shares ranking junior to the Class E Shares, shall be entitled to receive out of any funds legally available therefor, and when and as declared by the Board of Directors, dividends in cash at the rate or rates for such series fixed in accordance with the provisions of Section 1 above and no more, payable on the dates fixed for such series. Such dividends shall accrue and be cumulative, in the case of shares of each particular series, from and after the date or dates fixed with respect to such series. No dividends shall be paid upon or declared or set apart for any series of the Class E Shares for any dividend period unless at the same time (i) a like proportionate dividend for the dividend periods terminating on the same or any earlier date, ratably in proportion to the respective annual dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class E Shares of all series then issued and outstanding and entitled to receive such dividend and (ii) the dividends payable for the dividend periods terminating on the same or any earlier date (but, with respect to Noncumulative Shares, only with respect to the then current dividend period), ratably in proportion to the respective dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares then issued and outstanding and entitled to receive such dividends.

(b) So long as any Class E Shares shall be outstanding no dividend, except a dividend payable in Common Shares or other shares ranking junior to the Class E Shares, shall be paid or declared or any distribution be made, except as aforesaid, in respect of the Common Shares or any other shares ranking junior to the Class E Shares, nor shall any Common Shares or any other shares ranking junior to the Class E Shares be purchased, retired or otherwise acquired by the Corporation, except out of the proceeds of the sale of Common Shares or other shares of the Corporation ranking junior to the Class E Shares received by the Corporation subsequent to the date of first issuance of Class E Shares of any series, unless:

(1) All accrued and unpaid dividends on Cumulative Shares, including the full dividends for all current dividend periods, shall have been declared and paid or a sum sufficient for payment thereof set apart;

(2) All unpaid dividends on Noncumulative Shares for the then current dividend period shall have been declared and paid or a sum sufficient for payment therefor set apart; and

(3) There shall be no arrearages with respect to the redemption of Cumulative Shares or Noncumulative Shares of any series from any sinking fund provided for shares of such series in accordance with the provisions of Section 1 of this Item V.

(c) The foregoing restrictions on the payment of dividends or other distributions on, or on the purchase, redemption retirement or other acquisition of, Common Shares or any other shares ranking on a parity with or junior to the Class E Shares shall be inapplicable to (i) any payments in lieu of issuance of fractional shares thereof, whether upon any merger, conversion, stock dividend or otherwise, (ii) the conversion of Cumulative Shares or Noncumulative Shares into Common Shares, or (iii) the exercise by the Corporation of its rights pursuant to Item XIV(d) of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized.

(d) If, for any taxable year, the Corporation elects to designate as "capital gain dividends" (as defined in Section 857 of the Code) any portion (the "Capital Gains Amount") of the dividends paid or made available for the year to holders of all classes of stock (the "Total Dividends"), then, to the extent permissible under the Code and to the extent it does not cause any dividends to fail to qualify for the dividends paid deduction under Section 561 of the Code, the portion of the Capital Gains Amount that shall be allocable to holders of the Class E Shares shall be the amount that the total dividends paid or made available to the holders of the Class E Shares for the year bears to the Total Dividends.

Section 3. *Redemption.*

(a) Subject to the express terms of each series, the Corporation:

(1) May, from time to time at the option of the Board of Directors, redeem all or any part of any redeemable series of Class E Shares at the time outstanding at the applicable redemption price for such series fixed in accordance with the provisions of Section 1 of this Item V; and

(2) Shall, from time to time, make such redemptions of each series of Class E Shares as may be required to fulfill the requirements of any sinking fund provided for shares of such series at the applicable sinking fund redemption price fixed in accordance with the provisions of Section 1 of this Item V; and shall in each case pay all accrued and unpaid dividends to the redemption date.

(b) (1) Notice of every such redemption shall be mailed, postage prepaid, to the holders of record of the Class E Shares to be redeemed at their respective addresses then appearing on the books of the Corporation, not less than 30 days nor more than 60 days prior to the date fixed for such redemption, or such other time prior thereto as the Board of Directors shall fix for any series pursuant to Section 1 of this Item V prior to the issuance thereof. At any time after notice as provided above has been deposited in the mail, the Corporation may deposit the aggregate redemption price of Class E Shares to be redeemed, together with accrued and unpaid dividends thereon to the redemption date, with any bank or trust company in Cleveland, Ohio, or New York, New York, having capital and surplus of not less than \$100,000,000 named in such notice and direct that there be paid to the respective holders of the Class E Shares so to be redeemed amounts equal to the redemption price of the Class E Shares so to be redeemed, together with such accrued and unpaid dividends thereon, on surrender of the share certificate or certificates held by such holders; and upon the deposit of such notice in the mail and the making of such deposit of money with such bank or trust company, such holders shall cease to be shareholders with respect to such shares; and from and after the time such notice shall have been so deposited and such deposit of money shall have been so made, such holders shall have no rights or claim against the Corporation with respect to such shares, except only the right to receive such money from such bank or trust company without interest or to exercise before the redemption date any unexpired privileges of conversion. In the event less than all of the outstanding Class E Shares are to be redeemed, the Corporation shall select by lot the shares so to be redeemed in such manner as shall be prescribed by the Board of Directors.

(2) If the holders of Class E Shares which have been called for redemption shall not within six years after such deposit claim the amount deposited for the redemption thereof, any such bank or trust company shall, upon demand, pay over to the Corporation such unclaimed amounts and thereupon such bank or trust company and the Corporation shall be relieved of all responsibility in respect thereof and to such holders.

(c) Any Class E Shares which are (1) redeemed by the Corporation pursuant to the provisions of this Section, (2) purchased and delivered in satisfaction of any sinking fund requirements provided for shares of such series, (3) converted in accordance with the express terms thereof, or (4) otherwise acquired by the Corporation shall resume the status of authorized but unissued Class E Shares without serial designation.

(d) Except in connection with the exercise of the Corporation's rights pursuant to Section (d) of Item XIV of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized, the Corporation may not purchase or redeem (for sinking fund purposes or otherwise) less than all of the Class E Shares then outstanding except in accordance with a stock purchase offer made to all holders of record of Class E Shares, unless all dividends on all Class E Shares then outstanding for all previous and current dividend periods shall have been declared and paid or funds therefor set apart and all accrued sinking fund obligations applicable thereto shall have been complied with.

Section 4. *Liquidation.*

(a) (1) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of Class E Shares of any series shall be entitled to receive in full out of the assets of the Corporation, including its capital, before any amount shall be paid or distributed among the holders of the Common Shares or any other shares ranking junior to the Class E Shares, the amounts fixed with respect to shares of such series in accordance with Section 1 of this Item V, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment of the amount due pursuant to such liquidation, dissolution or winding up of the affairs of the Corporation. In the event the net assets of the Corporation legally available therefor are insufficient to permit the payment upon all outstanding Cumulative Shares and Noncumulative Shares of the full preferential amount to which they are respectively entitled, then such net assets shall be distributed ratably upon all outstanding Cumulative Shares and Noncumulative Shares in proportion to the full preferential amount to which each such share is entitled.

(2) After payment to the holders of Class E Shares of the full preferential amounts as aforesaid, the holders of Class E Shares, as such, shall have no right or claim to any of the remaining assets of the Corporation.

(b) The merger or consolidation of the Corporation into or with any other Corporation, the merger of any other Corporation into it, or the sale, lease or conveyance of all or substantially all the assets of the Corporation shall not be deemed to be a dissolution, liquidation or winding up for the purposes of this Section.

Section 5. *Voting.*

(a) The holders of Class E Shares shall have no voting rights, except as provided in this Section or required by law.

(b) (1) If, and so often as, the Corporation shall be in default in the payment of dividends on any series of Class E Shares at the time outstanding, whether or not earned or declared, for a number of dividend payment periods, whether consecutive or not, which in the aggregate contain at least 540 days, all holders of such Class E Shares, voting separately as a class, together with all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares upon which like voting rights have been conferred and are exercisable under the circumstances described in Subsection 5(c), shall be entitled to elect, as herein provided, a total of two members of the Board of Directors of the Corporation; provided, however, that the holders of such Class E Shares shall not exercise such special class voting rights except at meetings of such shareholders for the election of directors at which the holders of not less than 50% of such Class E Shares are present in person or by proxy; and provided further that the special class voting rights provided for in this paragraph when the same shall have become vested shall remain so vested until all accrued and unpaid dividends on such Class E Shares then outstanding shall have been paid or declared and a sum sufficient for the payment thereof set aside for payment, whereupon the holders of such Class E Shares shall be divested of their special class voting rights in respect of subsequent elections of directors, subject to the revesting of such special class voting rights in the event above specified in this paragraph. All dividend payments made on the Class E Shares, at any time during which the Corporation is in default in the payment of dividends on such Class E Shares for any dividend period, shall be deemed to be made in respect of the earliest dividend period with respect to which the Corporation is in default.

(2) In the event of default entitling holders of Class E Shares to elect two directors as specified in paragraph (1) of this Subsection, a special meeting of such holders for the purpose of electing such directors shall be called by the Secretary of the Corporation upon written request of, or may be called by, the holders of record of at least 10% of the Class E Shares upon which such default in the payment of dividends exists and notice thereof shall be given in the same manner as that required for the annual meeting of shareholders; provided, however, that the Corporation shall not be required to call such special meeting if the annual meeting of shareholders shall be called to be held within 90 days after the date of receipt of the foregoing written request from the holders of Class E Shares. At any meeting at which such holders of Class E Shares shall be entitled to elect directors, holders of 50% of such Class E Shares, present in person or by proxy, shall be sufficient to constitute a quorum, and the vote of the holders of a majority of such shares so present at any such meeting at which there shall be such a quorum shall be sufficient to elect the members of the Board of Directors which such holders of Class E Shares are entitled to elect as herein provided. Notwithstanding any provision of these Amended and Restated Articles of Incorporation, as amended, or the Code of Regulations of the Corporation or any action taken by the holders of any class of shares fixing the number of directors of the Corporation, the two directors who may be elected by such holders of Class E Shares pursuant to this Subsection shall serve in addition to any other directors then in office or proposed to be elected otherwise than pursuant to this Subsection. Nothing in this Subsection shall prevent any change otherwise permitted in the total number of or classifications of directors of the Corporation or require the resignation of any director elected otherwise than pursuant to this Subsection. Notwithstanding any classification of the other directors of the Corporation, the two directors elected by such holders of Class E Shares shall be elected annually for terms expiring at the next succeeding annual meeting of shareholders.

(3) Upon any divesting of the special class voting rights of the holders of the Class E Shares in respect of elections of directors as provided in this Subsection, the terms of office of all directors then in office elected by such holders shall terminate immediately thereupon. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, removal from office or otherwise, the remaining director elected by such holders voting as a class may elect a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) If at any time when the holders of Class E Shares are entitled to elect directors pursuant to the foregoing provisions of this Section the holders of any Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares or Noncumulative Shares are entitled to elect directors pursuant hereto by reason of any default in the payment of dividends thereon, then the voting rights of the Cumulative Shares and the Noncumulative Shares then entitled to vote shall be combined (with each class of shares having a number of votes proportional to the aggregate liquidation preference of its outstanding shares). In such

case, the holders of Class E Shares and of all such other shares then entitled so to vote, voting as a class, shall elect such directors. If the holders of any such other shares have elected such directors prior to the happening of the default or event permitting the holders of Class E Shares to elect directors, or prior to a written request for the holding of a special meeting being received by the Secretary of the Corporation as required above, then a new election shall be held with all such other shares and the Class E Shares voting together as a single class for such directors, resulting in the termination of the term of such previously elected directors upon the election of such new directors.

(d) The affirmative vote of the holders of at least two-thirds of the Class E Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose, shall be necessary to effect either of the following:

(1) Any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of Class E Shares which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class E Shares or of any shares ranking on a parity with or junior to the Class E Shares nor the amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially preferences or voting or other rights of the holders of Class E Shares; or

(2) The authorization, creation or increase in the authorized number of any shares, or any security convertible into shares, in either case ranking prior to such series of Class E Shares.

(e) In the event, and only to the extent, that (1) Class E Shares are issued in more than one series and (2) Ohio law permits the holders of a series of a class of capital stock to vote separately as a class, the affirmative vote of the holders of at least two-thirds of each series of Class E Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose of voting on such matters, shall be required for any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of these Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of such series which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class E Shares or of any shares ranking on a parity with or junior to the Class E Shares nor the Amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially the preferences or voting or other rights of the holders of such series.

Section 6. *Class E Series I Cumulative Preferred Shares.*

(a) DESIGNATION AND AMOUNT. Of the 750,000 authorized Class E Cumulative Preferred Shares, without par value, 750,000 are designated as a series designated as "Class E Series I Cumulative Preferred Shares" (the "Series I Preferred Shares"). The Series I Preferred Shares have the express terms set forth in this Division as being applicable to all Preferred Shares as a class and, in addition, the following express terms applicable to all Series I Preferred Shares as a series of Preferred Shares. The number of Series I Preferred Shares may be increased or decreased by resolution of the Board of Directors and by the filing of a certificate of amendment pursuant to the provisions of the General Corporation Law of the State of Ohio stating that such increase or reduction has been so authorized; however, no decrease shall reduce the number of Series I Preferred Shares to a number less than that of the Series I Preferred Shares then outstanding plus the number of Series I Preferred Shares issuable upon exercise of outstanding rights, options or warrants or upon conversion of outstanding securities issued by the Company.

(b) DIVIDENDS AND DISTRIBUTIONS.

(1) (i) Subject to the rights of the holders of any series of preferred shares (or any similar shares) ranking prior to the Series I Preferred Shares with respect to dividends, the holders of Series I Preferred Shares, in preference to the holders of Common Shares and of any other junior shares, will be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the fifteenth day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a Series I Preferred Share or fraction thereof, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$10.00 or (b) subject to the provisions for adjustment hereinafter set forth, 10,000 times the aggregate per share amount of all cash dividends, and 10,000 times the aggregate per share amount (payable in kind) of all noncash dividends or other distributions other than a dividend payable in Common Shares or a subdivision of the outstanding Common Shares (by

reclassification or otherwise), declared on the Common Shares after the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, after the first issuance of any Series I Preferred Share or fraction thereof. The multiple of cash and noncash dividends declared on the Common Shares to which holders of the Series I Preferred Shares are entitled, which is 10,000 initially but which will be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Dividend Multiple." If the Company at any time after May 26, 1999 (the "Rights Declaration Date"): (i) declares or pays any dividend on the Common Shares payable in Common Shares, or (ii) effects a subdivision or combination or consolidation of the outstanding Common Shares (by reclassification or otherwise than by payment of a dividend in Common Shares) into a greater or lesser number of Common Shares, then in each such case the Dividend Multiple thereafter applicable to the determination of the amount of dividends that holders of Series I Preferred Shares are entitled to receive will be the Dividend Multiple applicable immediately prior to that event multiplied by a fraction, the numerator of which is the number of Common Shares outstanding immediately after that event and the denominator of which is the number of Common Shares that were outstanding immediately prior to that event.

(ii) Notwithstanding anything else contained in this paragraph (1), the Company shall, out of funds legally available for that purpose, declare a dividend or distribution on the Series I Preferred Shares as provided in this paragraph (1) immediately after it declares a dividend or distribution on the Common Shares (other than a dividend payable in Common Shares); but if no dividend or distribution has been declared on the Common Shares during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$10.00 per share on the Series I Preferred Shares shall nevertheless accrue on such subsequent Quarterly Dividend Payment Date.

(2) Dividends will begin to accrue and be cumulative on outstanding Series I Preferred Shares from the Quarterly Dividend Payment Date next preceding the date of issue of such Series I Preferred Shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares will begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of Series I Preferred Shares entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends will begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends will not bear interest. Dividends paid on the Series I Preferred Shares in an amount less than the total amount of such dividends at the time accrued and payable on such shares will be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix in accordance with applicable law a record date for the determination of holders of Series I Preferred Shares entitled to receive payment of a dividend or distribution declared thereon, which record date will be not more than such number of days prior to the date fixed for the payment thereof as may be allowed by applicable law.

(c) REACQUIRED SHARES. Any Series I Preferred Shares purchased or otherwise acquired by the Company in any manner whatsoever will be retired and canceled promptly after the acquisition thereof. All such shares will upon their cancellation become authorized but unissued preferred shares and may be reissued as part of a new series of Preferred Shares to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

(d) LIQUIDATION, DISSOLUTION OR WINDING UP. Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Company, no distribution may be made (x) to the holders of shares ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series I Preferred Shares unless, prior thereto, the holders of Series I Preferred Shares shall have received an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, plus an amount equal to the greater of (1) \$10,000.00 per share or (2) an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 10,000 times the aggregate amount to be distributed per share to holders of Common Shares, or (y) to the holders of shares ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series I Preferred Shares, except distributions made ratably on the Series I Preferred Shares and all other such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. If the Company at any time after the Rights Declaration Date (i) declares or pays any dividend on Common Shares payable in Common Shares, or (ii) effects a subdivision or combination or consolidation of the outstanding Common Shares (by reclassification or otherwise than by payment of a dividend in Common Shares) into a greater or lesser number of Common Shares, then in each such case the aggregate amount per share to which holders of Series I Preferred Shares were entitled immediately prior to such event under clause (x) of the preceding sentence will be adjusted by multiplying such amount by a fraction, the numerator of which is the number of Common Shares outstanding immediately after such event and the denominator of which is the number of Common Shares that were outstanding immediately prior to such event.

Neither the consolidation of nor merging of the Company with or into any other corporation or corporations, nor the sale or other transfer of all or substantially all of the assets of the Company, will be considered to be a liquidation, dissolution or winding up of the Company within the meaning of this paragraph (d).

(e) CONSOLIDATION, MERGER, ETC. If the Company shall enter into any consolidation, merger, combination or other transaction in which the Common Shares are exchanged for or changed into other shares, stock or securities, cash or any other property, then in any such case the Series I Preferred Shares will at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 10,000 times the aggregate amount of shares, stock, securities, or other property, as the case may be, into which or for which each Common Share is changed or exchanged, plus accrued and unpaid dividends, if any, payable with respect to the Series I Preferred Shares. If the Company at any time after the Rights Declaration Date (i) declares or pays any dividend on Common Shares payable in Common Shares, or (ii) effects a subdivision or combination or consolidation of the outstanding Common Shares (by reclassification or otherwise than by payment of a dividend in Common Shares) into a greater or lesser number of Common Shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of Series I Preferred Shares will be adjusted by multiplying such amount by a fraction, the numerator of which is the number of Common Shares outstanding immediately after such event and the denominator of which is the number of Common Shares that were outstanding immediately prior to such event.

(f) REDEMPTION. The Series I Preferred Shares are not redeemable, but the foregoing does not limit the ability of the Company to purchase or otherwise deal in the Series I Preferred Shares to the extent otherwise permitted hereby and by law.

(g) AMENDMENT. The Amended and Restated Articles of Incorporation of the Company, as amended, may not be amended in any manner that would materially alter or change the powers, preferences or special rights of the Series I Preferred Shares so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding Series I Preferred Shares, voting separately as a class.

(h) FRACTIONAL SHARES. Series I Preferred Shares may be issued in whole shares or in any fraction of a share that is one ten-thousandth (1/10,000th) of a share or any integral multiple of such fraction, which will entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and have the benefit of all other rights of holders of Series I Preferred Shares. In lieu of fractional shares, the Company may elect to make a cash payment as provided in that certain Rights Agreement dated as of May 26, 1999, between the Company and National City Bank, a national banking association, as rights agent, for fractions of a share smaller than one ten-thousandth (1/10,000th) of a share or any integral multiple thereof.

VI. *The Class F Cumulative Preferred Shares.* The Class F Shares shall have the following express terms:

Section 1. *Series.* The Class F Shares may be issued from time to time in one or more series. All Class F Shares shall be of equal rank and shall be identical, except in respect of the matters that may be fixed by the Board of Directors as hereinafter provided, and each share of a series shall be identical with all other shares of such series, except as to the dates from which dividends shall accrue and be cumulative. All Class F Shares shall rank on a parity with the Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares and shall be identical to all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares except (1) in respect of the matters that may be fixed by the Board of Directors as provided in clauses (a) through (i), inclusive, of this Section 1 and (2) only dividends on Cumulative Shares shall be cumulative as set forth herein. Subject to the provisions of Sections 2 through 5, both inclusive, and Item XIII of this Division, which provisions shall apply to all Class F Shares, the Board of Directors hereby is authorized to cause such shares to be issued in one or more series and, with respect to each such series to determine and fix prior to the issuance thereof (and thereafter, to the extent provided in clause (b) of this Section), the following:

- (a) The designation of the series, which may be by distinguishing number, letter or title;
- (b) The authorized number of shares of the series, which number the Board of Directors may (except where otherwise provided in the creation of the series) increase or decrease from time to time before or after the issuance thereof (but not below the number of shares thereof then outstanding);
- (c) The dividend rate or rates of the series, including the means by which such rates may be established;
- (d) The date or dates from which dividends shall accrue and be cumulative and the dates on which and the period or periods for which dividends, if declared, shall be payable, including the means by which such dates and periods may be established;
- (e) The redemption rights and price or prices, if any, for shares of the series;

- (f) The terms and amount of the sinking fund, if any, for the purchase or redemption of shares of the series;
- (g) The amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;
- (h) Whether the shares of the series shall be convertible into Common Shares or shares of any other class and, if so, the conversion rate or rates or price or prices, any adjustments thereof and all other terms and conditions upon which such conversion may be made; and
- (i) Restrictions (in addition to those set forth in Subsection 5(d) or 5(e) of this Item VI) on the issuance of shares of the same series or of any other class or series.

The Board of Directors is authorized to adopt from time to time amendments to the Amended and Restated Articles of Incorporation, as amended, fixing, with respect to each such series, the matters described in clauses (a) through (i), inclusive, of this Section and is authorized to take such actions with respect thereto as may be required by law in order to effect such amendments.

Section 2. *Dividends.*

(a) The holders of Class F Shares of each series, in preference to the holders of Common Shares and of any other class of shares ranking junior to the Class F Shares, shall be entitled to receive out of any funds legally available therefor, and when and as declared by the Board of Directors, dividends in cash at the rate or rates for such series fixed in accordance with the provisions of Section 1 above and no more, payable on the dates fixed for such series. Such dividends shall accrue and be cumulative, in the case of shares of each particular series, from and after the date or dates fixed with respect to such series. No dividends shall be paid upon or declared or set apart for any series of the Class F Shares for any dividend period unless at the same time (i) a like proportionate dividend for the dividend periods terminating on the same or any earlier date, ratably in proportion to the respective annual dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class F Shares of all series then issued and outstanding and entitled to receive such dividend and (ii) the dividends payable for the dividend periods terminating on the same or any earlier date (but, with respect to Noncumulative Shares, only with respect to the then current dividend period), ratably in proportion to the respective dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares then issued and outstanding and entitled to receive such dividends.

(b) So long as any Class F Shares shall be outstanding no dividend, except a dividend payable in Common Shares or other shares ranking junior to the Class F Shares, shall be paid or declared or any distribution be made, except as aforesaid, in respect of the Common Shares or any other shares ranking junior to the Class F Shares, nor shall any Common Shares or any other shares ranking junior to the Class F Shares be purchased, retired or otherwise acquired by the Corporation, except out of the proceeds of the sale of Common Shares or other shares of the Corporation ranking junior to the Class F Shares received by the Corporation subsequent to the date of first issuance of Class F Shares of any series, unless:

(1) All accrued and unpaid dividends on Cumulative Shares, including the full dividends for all current dividend periods, shall have been declared and paid or a sum sufficient for payment thereof set apart;

(2) All unpaid dividends on Noncumulative Shares for the then current dividend period shall have been declared and paid or a sum sufficient for payment therefor set apart; and

(3) There shall be no arrearages with respect to the redemption of Cumulative Shares or Noncumulative Shares of any series from any sinking fund provided for shares of such series in accordance with the provisions of Section 1 of this Item VI.

(c) The foregoing restrictions on the payment of dividends or other distributions on, or on the purchase, redemption retirement or other acquisition of, Common Shares or any other shares ranking on a parity with or junior to the Class F Shares shall be inapplicable to (i) any payments in lieu of issuance of fractional shares thereof, whether upon any merger, conversion, stock dividend or otherwise, (ii) the conversion of Cumulative Shares or Noncumulative Shares into Common Shares, or (iii) the exercise by the Corporation of its rights pursuant to Item XIV(d) of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized.

(d) If, for any taxable year, the Corporation elects to designate as "capital gain dividends" (as defined in Section 857 of the Code) any portion (the "Capital Gains Amount") of the dividends paid or made available for the year to holders of all classes of stock (the "Total Dividends"), then, to the extent permissible under the Code and to the extent it does not cause any dividends to fail to qualify for the dividends paid deduction under Section 561 of the Code, the portion of the

Capital Gains Amount that shall be allocable to holders of the Class F Shares shall be the amount that the total dividends paid or made available to the holders of the Class F Shares for the year bears to the Total Dividends.

Section 3. *Redemption.*

(a) Subject to the express terms of each series, the Corporation:

(1) May, from time to time at the option of the Board of Directors, redeem all or any part of any redeemable series of Class F Shares at the time outstanding at the applicable redemption price for such series fixed in accordance with the provisions of Section 1 of this Item VI; and

(2) Shall, from time to time, make such redemptions of each series of Class F Shares as may be required to fulfill the requirements of any sinking fund provided for shares of such series at the applicable sinking fund redemption price fixed in accordance with the provisions of Section 1 of this Item VI; and shall in each case pay all accrued and unpaid dividends to the redemption date.

(b) (1) Notice of every such redemption shall be mailed, postage prepaid, to the holders of record of the Class F Shares to be redeemed at their respective addresses then appearing on the books of the Corporation, not less than 30 days nor more than 60 days prior to the date fixed for such redemption, or such other time prior thereto as the Board of Directors shall fix for any series pursuant to Section 1 of this Item VI prior to the issuance thereof. At any time after notice as provided above has been deposited in the mail, the Corporation may deposit the aggregate redemption price of Class F Shares to be redeemed, together with accrued and unpaid dividends thereon to the redemption date, with any bank or trust company in Cleveland, Ohio, or New York, New York, having capital and surplus of not less than \$100,000,000 named in such notice and direct that there be paid to the respective holders of the Class F Shares so to be redeemed amounts equal to the redemption price of the Class F Shares so to be redeemed, together with such accrued and unpaid dividends thereon, on surrender of the share certificate or certificates held by such holders; and upon the deposit of such notice in the mail and the making of such deposit of money with such bank or trust company, such holders shall cease to be shareholders with respect to such shares; and from and after the time such notice shall have been so deposited and such deposit of money shall have been so made, such holders shall have no rights or claim against the Corporation with respect to such shares, except only the right to receive such money from such bank or trust company without interest or to exercise before the redemption date any unexpired privileges of conversion. In the event less than all of the outstanding Class F Shares are to be redeemed, the Corporation shall select by lot the shares so to be redeemed in such manner as shall be prescribed by the Board of Directors.

(2) If the holders of Class F Shares which have been called for redemption shall not within six years after such deposit claim the amount deposited for the redemption thereof, any such bank or trust company shall, upon demand, pay over to the Corporation such unclaimed amounts and thereupon such bank or trust company and the Corporation shall be relieved of all responsibility in respect thereof and to such holders.

(c) Any Class F Shares which are (1) redeemed by the Corporation pursuant to the provisions of this Section, (2) purchased and delivered in satisfaction of any sinking fund requirements provided for shares of such series, (3) converted in accordance with the express terms thereof, or (4) otherwise acquired by the Corporation shall resume the status of authorized but unissued Class F Shares without serial designation.

(d) Except in connection with the exercise of the Corporation's rights pursuant to Section (d) of Item XIV of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized, the Corporation may not purchase or redeem (for sinking fund purposes or otherwise) less than all of the Class F Shares then outstanding except in accordance with a stock purchase offer made to all holders of record of Class F Shares, unless all dividends on all Class F Shares then outstanding for all previous and current dividend periods shall have been declared and paid or funds therefor set apart and all accrued sinking fund obligations applicable thereto shall have been complied with.

Section 4. *Liquidation.*

(a) (1) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of Class F Shares of any series shall be entitled to receive in full out of the assets of the Corporation, including its capital, before any amount shall be paid or distributed among the holders of the Common Shares or any other shares ranking junior to the Class F Shares, the amounts fixed with respect to shares of such series in accordance with Section 1 of this Item VI, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment of the amount due pursuant to such liquidation, dissolution or winding up of the affairs of the Corporation. In the event the net assets of the Corporation legally available therefor are insufficient to permit the payment upon all outstanding Cumulative Shares and Noncumulative Shares of the full preferential amount to which they are respectively

entitled, then such net assets shall be distributed ratably upon all outstanding Cumulative Shares and Noncumulative Shares in proportion to the full preferential amount to which each such share is entitled.

(2) After payment to the holders of Class F Shares of the full preferential amounts as aforesaid, the holders of Class F Shares, as such, shall have no right or claim to any of the remaining assets of the Corporation.

(b) The merger or consolidation of the Corporation into or with any other Corporation, the merger of any other Corporation into it, or the sale, lease or conveyance of all or substantially all the assets of the Corporation shall not be deemed to be a dissolution, liquidation or winding up for the purposes of this Section.

Section 5. *Voting.*

(a) The holders of Class F Shares shall have no voting rights, except as provided in this Section or required by law.

(b) (1) If, and so often as, the Corporation shall be in default in the payment of dividends on any series of Class F Shares at the time outstanding, whether or not earned or declared, for a number of dividend payment periods, whether consecutive or not, which in the aggregate contain at least 540 days, all holders of such Class F Shares, voting separately as a class, together with all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares upon which like voting rights have been conferred and are exercisable under the circumstances described in Subsection 5(c), shall be entitled to elect, as herein provided, a total of two members of the Board of Directors of the Corporation; provided, however, that the holders of such Class F Shares shall not exercise such special class voting rights except at meetings of such shareholders for the election of directors at which the holders of not less than 50% of such Class F Shares are present in person or by proxy; and provided further that the special class voting rights provided for in this paragraph when the same shall have become vested shall remain so vested until all accrued and unpaid dividends on such Class F Shares then outstanding shall have been paid or declared and a sum sufficient for the payment thereof set aside for payment, whereupon the holders of such Class F Shares shall be divested of their special class voting rights in respect of subsequent elections of directors, subject to the revesting of such special class voting rights in the event above specified in this paragraph. All dividend payments made on the Class F Shares, at any time during which the Corporation is in default in the payment of dividends on such Class F Shares for any dividend period, shall be deemed to be made in respect of the earliest dividend period with respect to which the Corporation is in default.

(2) In the event of default entitling holders of Class F Shares to elect two directors as specified in paragraph (1) of this Subsection, a special meeting of such holders for the purpose of electing such directors shall be called by the Secretary of the Corporation upon written request of, or may be called by, the holders of record of at least 10% of the Class F Shares upon which such default in the payment of dividends exists and notice thereof shall be given in the same manner as that required for the annual meeting of shareholders; provided, however, that the Corporation shall not be required to call such special meeting if the annual meeting of shareholders shall be called to be held within 90 days after the date of receipt of the foregoing written request from the holders of Class F Shares. At any meeting at which such holders of Class F Shares shall be entitled to elect directors, holders of 50% of such Class F Shares, present in person or by proxy, shall be sufficient to constitute a quorum, and the vote of the holders of a majority of such shares so present at any such meeting at which there shall be such a quorum shall be sufficient to elect the members of the Board of Directors which such holders of Class F Shares are entitled to elect as herein provided. Notwithstanding any provision of these Amended and Restated Articles of Incorporation, as amended, or the Code of Regulations of the Corporation or any action taken by the holders of any class of shares fixing the number of directors of the Corporation, the two directors who may be elected by such holders of Class F Shares pursuant to this Subsection shall serve in addition to any other directors then in office or proposed to be elected otherwise than pursuant to this Subsection. Nothing in this Subsection shall prevent any change otherwise permitted in the total number of or classifications of directors of the Corporation or require the resignation of any director elected otherwise than pursuant to this Subsection. Notwithstanding any classification of the other directors of the Corporation, the two directors elected by such holders of Class F Shares shall be elected annually for terms expiring at the next succeeding annual meeting of shareholders.

(3) Upon any divesting of the special class voting rights of the holders of the Class F Shares in respect of elections of directors as provided in this Subsection, the terms of office of all directors then in office elected by such holders shall terminate immediately thereupon. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, removal from office or otherwise, the remaining director elected by such holders voting as a class may elect a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) If at any time when the holders of Class F Shares are entitled to elect directors pursuant to the foregoing provisions of this Section the holders of any Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares or Noncumulative Shares are entitled to elect directors pursuant hereto by reason of any default in the payment of dividends thereon, then the voting

rights of the Cumulative Shares and the Noncumulative Shares then entitled to vote shall be combined (with each class of shares having a number of votes proportional to the aggregate liquidation preference of its outstanding shares). In such case, the holders of Class F Shares and of all such other shares then entitled so to vote, voting as a class, shall elect such directors. If the holders of any such other shares have elected such directors prior to the happening of the default or event permitting the holders of Class F Shares to elect directors, or prior to a written request for the holding of a special meeting being received by the Secretary of the Corporation as required above, then a new election shall be held with all such other shares and the Class F Shares voting together as a single class for such directors, resulting in the termination of the term of such previously elected directors upon the election of such new directors.

(d) The affirmative vote of the holders of at least two-thirds of the Class F Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose, shall be necessary to effect either of the following:

(1) Any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of Class F Shares which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class F Shares or of any shares ranking on a parity with or junior to the Class F Shares nor the amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially the preferences or voting or other rights of the holders of Class F Shares; or

(2) The authorization, creation or increase in the authorized number of any shares, or any security convertible into shares, in either case ranking prior to such series of Class F Shares.

(e) In the event, and only to the extent, that (1) Class F Shares are issued in more than one series and (2) Ohio law permits the holders of a series of a class of capital stock to vote separately as a class, the affirmative vote of the holders of at least two-thirds of each series of Class F Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose of voting on such matters, shall be required for any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of these Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of such series which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class F Shares or of any shares ranking on a parity with or junior to the Class F Shares nor the Amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially the preferences or voting or other rights of the holders of such series.

Section 6. *8.60% Class F Cumulative Redeemable Preferred Shares.* Of the 750,000 authorized Class F Shares, 690,000 shares are designated as a series entitled "8.60% Class F Cumulative Redeemable Preferred Shares" (hereinafter called "8.60% Class F Preferred Shares"). The 8.60% Class F Preferred Shares shall have the express terms set forth in this Division as being applicable to all Class F Shares as a class and, in addition, the following express terms applicable to all 8.60% Class F Preferred Shares as a series of Class F Shares:

(a) The annual dividend rate of the 8.60% Class F Preferred Shares shall be 8.60% of the liquidation preference of \$250.00 per share.

(b) Dividends on the 8.60% Class F Preferred Shares shall be payable, if declared, quarterly on or about the fifteenth day of March, June, September, and December each year, the first quarterly dividend being payable, if declared, on June 15, 2002. The dividends payable for each full quarterly dividend period on each 8.60% Class F Preferred Shares shall be \$0.5375. Dividends for the initial dividend period on the 8.60% Class F Preferred Shares, or for any period shorter or longer than a full dividend period on the 8.60% Class F Preferred Shares, shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The aggregate dividend payable quarterly to each holder of 8.60% Class F Preferred Shares shall be rounded to the nearest one one-hundredth of one cent with \$.00005 being rounded upward. Each dividend shall be payable to the holders of record on such record date, no less than 10 nor more than 30 days preceding the payment date thereof, as shall be fixed from time to time by the Corporation's Board of Directors.

(c) Dividends on 8.60% Class F Preferred Shares shall be cumulative as follows:

(1) With respect to shares included in the initial issue of 8.60% Class F Preferred Shares and shares issued any time thereafter up to and including the record date for the payment of the first dividend on the initial issue of 8.60%

Class F Preferred Shares, dividends shall be cumulative from the date of the initial issue of 8.60% Class F Preferred Shares; and

(2) With respect to shares issued any time after the aforesaid record date, dividends shall be cumulative from the dividend payment date next preceding the date of issue of such shares, except that if such shares are issued during the period commencing the day after the record date for the payment of a dividend on 8.60% Class F Preferred Shares and ending on the payment date of that dividend, dividends with respect to such shares shall be cumulative from that dividend payment date.

(d) Except as required to preserve the Corporation's status as a real estate investment trust under the Internal Revenue Code of 1986, as amended, the 8.60% Class F Preferred Shares may not be redeemed prior to March 27, 2007. At any time or from time to time on and after March 27, 2007 the Corporation, at its option upon not less than thirty (30) nor more than sixty (60) days' written notice, may redeem all or any part of the 8.60% Class F Preferred Shares at a redemption price of \$250.00 per share plus, in each case, an amount equal to all dividends accrued and unpaid thereon to the redemption date, without interest. The redemption price (other than the portion thereof consisting of accrued and unpaid dividends) is payable solely out of the sale proceeds of other capital shares of the Corporation, which may include any equity securities (including common shares and preferred shares), shares, interests, participation or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable for equity securities), or options to purchase any of the foregoing.

(e) The amount payable per 8.60% Class F Preferred Share in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation shall be \$250.00, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment.

(f) All dividend payments made on the 8.60% Class F Preferred Shares, at any time during which the Corporation is in default in the payment of dividends on such 8.60% Class F Preferred Shares for any dividend period, shall, for the purposes of Section 5(b)(1) of this Division A-VI, be deemed to be made in respect of the earliest dividend period with respect to which the Corporation is in default.

VII. *The Class G Cumulative Preferred Shares.* The Class G Shares shall have the following express terms:

Section 1. *Series.* The Class G Shares may be issued from time to time in one or more series. All Class G Shares shall be of equal rank and shall be identical, except in respect of the matters that may be fixed by the Board of Directors as hereinafter provided, and each share of a series shall be identical with all other shares of such series, except as to the dates from which dividends shall accrue and be cumulative. All Class G Shares shall rank on a parity with the Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares and shall be identical to all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares except (1) in respect of the matters that may be fixed by the Board of Directors as provided in clauses (a) through (i), inclusive, of this Section 1 and (2) only dividends on Cumulative Shares shall be cumulative as set forth herein. Subject to the provisions of Sections 2 through 5, both inclusive, and Item XIII of this Division, which provisions shall apply to all Class G Shares, the Board of Directors hereby is authorized to cause such shares to be issued in one or more series and, with respect to each such series to determine and fix prior to the issuance thereof (and thereafter, to the extent provided in clause (b) of this Section) the following:

- (a) The designation of the series, which may be by distinguishing number, letter or title;
- (b) The authorized number of shares of the series, which number the Board of Directors may (except where otherwise provided in the creation of the series) increase or decrease from time to time before or after the issuance thereof (but not below the number of shares thereof then outstanding);
- (c) The dividend rate or rates of the series, including the means by which such rates may be established;
- (d) The date or dates from which dividends shall accrue and be cumulative and the dates on which and the period or periods for which dividends, if declared, shall be payable, including the means by which such dates and periods may be established;
- (e) The redemption rights and price or prices, if any, for shares of the series;
- (f) The terms and amount of the sinking fund, if any, for the purchase or redemption of shares of the series;
- (g) The amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;

(h) Whether the shares of the series shall be convertible into Common Shares or shares of any other class and, if so, the conversion rate or rates or price or prices, any adjustments thereof and all other terms and conditions upon which such conversion may be made; and

(i) Restrictions (in addition to those set forth in Subsection 5(d) or 5(e) of this Item VII) on the issuance of shares of the same series or of any other class or series.

The Board of Directors is authorized to adopt from time to time amendments to the Amended and Restated Articles of Incorporation, as amended, fixing, with respect to each such series, the matters described in clauses (a) through (i), inclusive, of this Section and is authorized to take such actions with respect thereto as may be required by law in order to effect such amendments.

Section 2. *Dividends.*

(a) The holders of Class G Shares of each series, in preference to the holders of Common Shares and of any other class of shares ranking junior to the Class G Shares, shall be entitled to receive out of any funds legally available therefor, and when and as declared by the Board of Directors, dividends in cash at the rate or rates for such series fixed in accordance with the provisions of Section 1 above and no more, payable on the dates fixed for such series. Such dividends shall accrue and be cumulative, in the case of shares of each particular series, from and after the date or dates fixed with respect to such series. No dividends shall be paid upon or declared or set apart for any series of the Class G Shares for any dividend period unless at the same time (i) a like proportionate dividend for the dividend periods terminating on the same or any earlier date, ratably in proportion to the respective annual dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class G Shares of all series then issued and outstanding and entitled to receive such dividend and (ii) the dividends payable for the dividend periods terminating on the same or any earlier date (but, with respect to Noncumulative Shares, only with respect to the then current dividend period), ratably in proportion to the respective dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares then issued and outstanding and entitled to receive such dividends.

(b) So long as any Class G Shares shall be outstanding no dividend, except a dividend payable in Common Shares or other shares ranking junior to the Class G Shares, shall be paid or declared or any distribution be made, except as aforesaid, in respect of the Common Shares or any other shares ranking junior to the Class G Shares, nor shall any Common Shares or any other shares ranking junior to the Class G Shares be purchased, retired or otherwise acquired by the Corporation, except out of the proceeds of the sale of Common Shares or other shares of the Corporation ranking junior to the Class G Shares received by the Corporation subsequent to the date of first issuance of Class G Shares of any series, unless:

(1) All accrued and unpaid dividends on Cumulative Shares, including the full dividends for all current dividend periods, shall have been declared and paid or a sum sufficient for payment thereof set apart;

(2) All unpaid dividends on Noncumulative Shares for the then current dividend period shall have been declared and paid or a sum sufficient for payment therefor set apart; and

(3) There shall be no arrearages with respect to the redemption of Cumulative Shares or Noncumulative Shares of any series from any sinking fund provided for shares of such series in accordance with the provisions of Section 1 of this Item VII.

(c) The foregoing restrictions on the payment of dividends or other distributions on, or on the purchase, redemption retirement or other acquisition of, Common Shares or any other shares ranking on a parity with or junior to the Class G Shares shall be inapplicable to (i) any payments in lieu of issuance of fractional shares thereof, whether upon any merger, conversion, stock dividend or otherwise, (ii) the conversion of Cumulative Shares or Noncumulative Shares into Common Shares, or (iii) the exercise by the Corporation of its rights pursuant to Item XIV(d) of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized.

(d) If, for any taxable year, the Corporation elects to designate as "capital gain dividends" (as defined in Section 857 of the Code) any portion (the "Capital Gains Amount") of the dividends paid or made available for the year to holders of all classes of stock (the "Total Dividends"), then, to the extent permissible under the Code and to the extent it does not cause any dividends to fail to qualify for the dividends paid deduction under Section 561 of the Code, the portion of the Capital Gains Amount that shall be allocable to holders of the Class G Shares shall be the amount that the total dividends paid or made available to the holders of the Class G Shares for the year bears to the Total Dividends.

Section 3. *Redemption.*

(a) Subject to the express terms of each series, the Corporation:

(1) May, from time to time at the option of the Board of Directors, redeem all or any part of any redeemable series of Class G Shares at the time outstanding at the applicable redemption price for such series fixed in accordance with the provisions of Section 1 of this Item VII; and

(2) Shall, from time to time, make such redemptions of each series of Class G Shares as may be required to fulfill the requirements of any sinking fund provided for shares of such series at the applicable sinking fund redemption price fixed in accordance with the provisions of Section 1 of this Item VII; and shall in each case pay all accrued and unpaid dividends to the redemption date.

(b) (1) Notice of every such redemption shall be mailed, postage prepaid, to the holders of record of the Class G Shares to be redeemed at their respective addresses then appearing on the books of the Corporation, not less than 30 days nor more than 60 days prior to the date fixed for such redemption, or such other time prior thereto as the Board of Directors shall fix for any series pursuant to Section 1 of this Item VII prior to the issuance thereof. At any time after notice as provided above has been deposited in the mail, the Corporation may deposit the aggregate redemption price of Class G Shares to be redeemed, together with accrued and unpaid dividends thereon to the redemption date, with any bank or trust company in Cleveland, Ohio, or New York, New York, having capital and surplus of not less than \$100,000,000 named in such notice and direct that there be paid to the respective holders of the Class G Shares so to be redeemed amounts equal to the redemption price of the Class G Shares so to be redeemed, together with such accrued and unpaid dividends thereon, on surrender of the share certificate or certificates held by such holders; and upon the deposit of such notice in the mail and the making of such deposit of money with such bank or trust company, such holders shall cease to be shareholders with respect to such shares; and from and after the time such notice shall have been so deposited and such deposit of money shall have been so made, such holders shall have no rights or claim against the Corporation with respect to such shares, except only the right to receive such money from such bank or trust company without interest or to exercise before the redemption date any unexpired privileges of conversion. In the event less than all of the outstanding Class G Shares are to be redeemed, the Corporation shall select by lot the shares so to be redeemed in such manner as shall be prescribed by the Board of Directors.

(2) If the holders of Class G Shares which have been called for redemption shall not within six years after such deposit claim the amount deposited for the redemption thereof, any such bank or trust company shall, upon demand, pay over to the Corporation such unclaimed amounts and thereupon such bank or trust company and the Corporation shall be relieved of all responsibility in respect thereof and to such holders.

(c) Any Class G Shares which are (1) redeemed by the Corporation pursuant to the provisions of this Section, (2) purchased and delivered in satisfaction of any sinking fund requirements provided for shares of such series, (3) converted in accordance with the express terms thereof, or (4) otherwise acquired by the Corporation shall resume the status of authorized but unissued Class G Shares without serial designation.

(d) Except in connection with the exercise of the Corporation's rights pursuant to Section (d) of Item XIV of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized, the Corporation may not purchase or redeem (for sinking fund purposes or otherwise) less than all of the Class G Shares then outstanding except in accordance with a stock purchase offer made to all holders of record of Class G Shares, unless all dividends on all Class G Shares then outstanding for all previous and current dividend periods shall have been declared and paid or funds therefor set apart and all accrued sinking fund obligations applicable thereto shall have been complied with.

Section 4. *Liquidation.*

(a) (1) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of Class G Shares of any series shall be entitled to receive in full out of the assets of the Corporation, including its capital, before any amount shall be paid or distributed among the holders of the Common Shares or any other shares ranking junior to the Class G Shares, the amounts fixed with respect to shares of such series in accordance with Section 1 of this Item VII, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment of the amount due pursuant to such liquidation, dissolution or winding up of the affairs of the Corporation. In the event the net assets of the Corporation legally available therefor are insufficient to permit the payment upon all outstanding Cumulative Shares and Noncumulative Shares of the full preferential amount to which they are respectively entitled, then such net assets shall be distributed ratably upon all outstanding Cumulative Shares and Noncumulative Shares in proportion to the full preferential amount to which each such share is entitled.

(2) After payment to the holders of Class G Shares of the full preferential amounts as aforesaid, the holders of Class G Shares, as such, shall have no right or claim to any of the remaining assets of the Corporation.

(b) The merger or consolidation of the Corporation into or with any other Corporation, the merger of any other Corporation into it, or the sale, lease or conveyance of all or substantially all the assets of the Corporation shall not be deemed to be a dissolution, liquidation or winding up for the purposes of this Section.

Section 5. *Voting.*

(a) The holders of Class G Shares shall have no voting rights, except as provided in this Section or required by law.

(b) (1) If, and so often as, the Corporation shall be in default in the payment of dividends on any series of Class G Shares at the time outstanding, whether or not earned or declared, for a number of dividend payment periods, whether consecutive or not, which in the aggregate contain at least 540 days, all holders of such Class G Shares, voting separately as a class, together with all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares upon which like voting rights have been conferred and are exercisable under the circumstances described in Subsection 5(c), shall be entitled to elect, as herein provided, a total of two members of the Board of Directors of the Corporation; provided, however, that the holders of such Class G Shares shall not exercise such special class voting rights except at meetings of such shareholders for the election of directors at which the holders of not less than 50% of such Class G Shares are present in person or by proxy; and provided further that the special class voting rights provided for in this paragraph when the same shall have become vested shall remain so vested until all accrued and unpaid dividends on such Class G Shares then outstanding shall have been paid or declared and a sum sufficient for the payment thereof set aside for payment, whereupon the holders of such Class G Shares shall be divested of their special class voting rights in respect of subsequent elections of directors, subject to the revesting of such special class voting rights in the event above specified in this paragraph. All dividend payments made on the Class G Shares, at any time during which the Corporation is in default in the payment of dividends on such Class G Shares for any dividend period, shall be deemed to be made in respect of the earliest dividend period with respect to which the Corporation is in default.

(2) In the event of default entitling holders of Class G Shares to elect two directors as specified in paragraph (1) of this Subsection, a special meeting of such holders for the purpose of electing such directors shall be called by the Secretary of the Corporation upon written request of, or may be called by, the holders of record of at least 10% of the Class G Shares upon which such default in the payment of dividends exists and notice thereof shall be given in the same manner as that required for the annual meeting of shareholders; provided, however, that the Corporation shall not be required to call such special meeting if the annual meeting of shareholders shall be called to be held within 90 days after the date of receipt of the foregoing written request from the holders of Class G Shares. At any meeting at which such holders of Class G Shares shall be entitled to elect directors, holders of 50% of such Class G Shares, present in person or by proxy, shall be sufficient to constitute a quorum, and the vote of the holders of a majority of such shares so present at any such meeting at which there shall be such a quorum shall be sufficient to elect the members of the Board of Directors which such holders of Class G Shares are entitled to elect as herein provided. Notwithstanding any provision of these Amended and Restated Articles of Incorporation, as amended, or the Code of Regulations of the Corporation or any action taken by the holders of any class of shares fixing the number of directors of the Corporation, the two directors who may be elected by such holders of Class G Shares pursuant to this Subsection shall serve in addition to any other directors then in office or proposed to be elected otherwise than pursuant to this Subsection. Nothing in this Subsection shall prevent any change otherwise permitted in the total number of or classifications of directors of the Corporation or require the resignation of any director elected otherwise than pursuant to this Subsection. Notwithstanding any classification of the other directors of the Corporation, the two directors elected by such holders of Class G Shares shall be elected annually for terms expiring at the next succeeding annual meeting of shareholders.

(3) Upon any divesting of the special class voting rights of the holders of the Class G Shares in respect of elections of directors as provided in this Subsection, the terms of office of all directors then in office elected by such holders shall terminate immediately thereupon. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, removal from office or otherwise, the remaining director elected by such holders voting as a class may elect a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) If at any time when the holders of Class G Shares are entitled to elect directors pursuant to the foregoing provisions of this Section the holders of any Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares or Noncumulative Shares are entitled to elect directors pursuant hereto by reason of any default in the payment of dividends thereon, then the voting rights of the Cumulative Shares and the Noncumulative Shares then entitled to vote shall be combined (with each class of shares having a number of votes proportional to the aggregate liquidation preference of its outstanding shares). In such

case, the holders of Class G Shares and of all such other shares then entitled so to vote, voting as a class, shall elect such directors. If the holders of any such other shares have elected such directors prior to the happening of the default or event permitting the holders of Class G Shares to elect directors, or prior to a written request for the holding of a special meeting being received by the Secretary of the Corporation as required above, then a new election shall be held with all such other shares and the Class G Shares voting together as a single class for such directors, resulting in the termination of the term of such previously elected directors upon the election of such new directors.

(d) The affirmative vote of the holders of at least two-thirds of the Class G Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose, shall be necessary to effect either of the following:

(1) Any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of Class G Shares which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class G Shares or of any shares ranking on a parity with or junior to the Class G Shares nor the amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially preferences or voting or other rights of the holders of Class G Shares; or

(2) The authorization, creation or increase in the authorized number of any shares, or any security convertible into shares, in either case ranking prior to such series of Class G Shares.

(e) In the event, and only to the extent, that (1) Class G Shares are issued in more than one series and (2) Ohio law permits the holders of a series of a class of capital stock to vote separately as a class, the affirmative vote of the holders of at least two-thirds of each series of Class G Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose of voting on such matters, shall be required for any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of these Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of such series which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class G Shares or of any shares ranking on a parity with or junior to the Class G Shares nor the Amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially the preferences or voting or other rights of the holders of such series.

Section 6. *8% Class G Cumulative Redeemable Preferred Shares* Of the 750,000 authorized Class G Shares, 736,000 shares are designated as a series entitled "8% Class G Cumulative Redeemable Preferred Shares" (hereinafter called "8% Class G Preferred Shares"). The 8% Class G Preferred Shares shall have the express terms set forth in this Division as being applicable to all Class G Shares as a class and, in addition, the following express terms applicable to all 8% Class G Preferred Shares as a series of Class G Shares:

(a) The annual dividend rate of the 8% Class G Preferred Shares shall be 8% of the liquidation preference of \$250.00 per share.

(b) Dividends on the 8% Class G Preferred Shares shall be payable, if declared, quarterly in arrears on or about the fifteenth day of each March, June, September, and December or, if not a business day, the next succeeding business day, the first quarterly dividend being payable, if declared, on June 16, 2003. The dividends payable for each full quarterly dividend period on each 8% Class G Preferred Shares shall be \$5.00.

Dividends for the initial dividend period on the 8% Class G Preferred Shares, or for any period shorter or longer than a full dividend period on the 8% Class G Preferred Shares, shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The aggregate dividend payable quarterly to each holder of 8% Class G Preferred Shares shall be rounded to the nearest one one-hundredth of one cent with \$.00005 being rounded upward. Each dividend shall be payable to the holders of record on such record date, no less than 10 nor more than 30 days preceding the payment date thereof, as shall be fixed from time to time by the Corporation's Board of Directors.

(c) Dividends on 8% Class G Preferred Shares shall be cumulative as follows:

(1) With respect to shares included in the initial issue of 8% Class G Preferred Shares and shares issued any time thereafter up to and including the record date for the payment of the first dividend on the initial issue of 8% Class G Preferred Shares, dividends shall be cumulative from the date of the initial issue of 8% Class G Preferred Shares; and

(2) With respect to shares issued any time after the aforesaid record date, dividends shall be cumulative from the dividend payment date next preceding the date of issue of such shares, except that if such shares are issued during the period commencing the day after the record date for the payment of a dividend on 8% Class G Preferred Shares and ending on the payment date of that dividend, dividends with respect to such shares shall be cumulative from that dividend payment date.

(d) Except as required to preserve the Corporation's status as a real estate investment trust under the Internal Revenue Code of 1986, as amended, the 8% Class G Preferred Shares may not be redeemed prior to March 28, 2008. At any time or from time to time on and after March 28, 2008 the Corporation, at its option upon not less than thirty (30) nor more than sixty (60) days' written notice, may redeem all or any part of the 8% Class G Preferred Shares at a redemption price of \$250.00 per share plus, in each case, an amount equal to all dividends accrued and unpaid thereon to the redemption date, without interest.

(e) The amount payable per 8% Class G Preferred Share in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation shall be \$250.00, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment.

(f) All dividend payments made on the 8% Class G Preferred Shares, at any time during which the Corporation is in default in the payment of dividends on such 8% Class G Preferred Shares for any dividend period, shall, for the purposes of Section 5(b)(1) of this Division A-VII, be deemed to be made in respect of the earliest dividend period with respect to which the Corporation is in default.

VIII. *The Class H Cumulative Preferred Shares.* The Class H Shares shall have the following express terms:

Section 1. *Series.* The Class H Shares may be issued from time to time in one or more series. All Class H Shares shall be of equal rank and shall be identical, except in respect of the matters that may be fixed by the Board of Directors as hereinafter provided, and each share of a series shall be identical with all other shares of such series, except as to the dates from which dividends shall accrue and be cumulative. All Class H Shares shall rank on a parity with the Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares and shall be identical to all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares except (1) in respect of the matters that may be fixed by the Board of Directors as provided in clauses (a) through (i), inclusive, of this Section 1 and (2) only dividends on Cumulative Shares shall be cumulative as set forth herein. Subject to the provisions of Sections 2 through 5, both inclusive, and Item XIII of this Division, which provisions shall apply to all Class H Shares, the Board of Directors hereby is authorized to cause such shares to be issued in one or more series and, with respect to each such series to determine and fix prior to the issuance thereof (and thereafter, to the extent provided in clause (b) of this Section), the following:

- (a) The designation of the series, which may be by distinguishing number, letter or title;
- (b) The authorized number of shares of the series, which number the Board of Directors may (except where otherwise provided in the creation of the series) increase or decrease from time to time before or after the issuance thereof (but not below the number of shares thereof then outstanding);
- (c) The dividend rate or rates of the series, including the means by which such rates may be established;
- (d) The date or dates from which dividends shall accrue and be cumulative and the dates on which and the period or periods for which dividends, if declared, shall be payable, including the means by which such dates and periods may be established;
- (e) The redemption rights and price or prices, if any, for shares of the series;
- (f) The terms and amount of the sinking fund, if any, for the purchase or redemption of shares of the series;
- (g) The amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;
- (h) Whether the shares of the series shall be convertible into Common Shares or shares of any other class and, if so, the conversion rate or rates or price or prices, any adjustments thereof and all other terms and conditions upon which such conversion may be made; and
- (i) Restrictions (in addition to those set forth in Subsection 5(d) or 5(e) of this Item VIII) on the issuance of shares of the same series or of any other class or series.

The Board of Directors is authorized to adopt from time to time amendments to the Amended and Restated Articles of Incorporation, as amended, fixing, with respect to each such series, the matters described in clauses (a) through (i), inclusive, of this Section and is authorized to take such actions with respect thereto as may be required by law in order to effect such amendments.

Section 2. *Dividends.*

(a) The holders of Class H Shares of each series, in preference to the holders of Common Shares and of any other class of shares ranking junior to the Class H Shares, shall be entitled to receive out of any funds legally available therefor, and when and as declared by the Board of Directors, dividends in cash at the rate or rates for such series fixed in accordance with the provisions of Section 1 above and no more, payable on the dates fixed for such series. Such dividends shall accrue and be cumulative, in the case of shares of each particular series, from and after the date or dates fixed with respect to such series. No dividends shall be paid upon or declared or set apart for any series of the Class H Shares for any dividend period unless at the same time (i) a like proportionate dividend for the dividend periods terminating on the same or any earlier date, ratably in proportion to the respective annual dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class H Shares of all series then issued and outstanding and entitled to receive such dividend and (ii) the dividends payable for the dividend periods terminating on the same or any earlier date (but, with respect to Noncumulative Shares, only with respect to the then current dividend period), ratably in proportion to the respective dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares then issued and outstanding and entitled to receive such dividends.

(b) So long as any Class H Shares shall be outstanding no dividend, except a dividend payable in Common Shares or other shares ranking junior to the Class H Shares, shall be paid or declared or any distribution be made, except as aforesaid, in respect of the Common Shares or any other shares ranking junior to the Class H Shares, nor shall any Common Shares or any other shares ranking junior to the Class H Shares be purchased, retired or otherwise acquired by the Corporation, except out of the proceeds of the sale of Common Shares or other shares of the Corporation ranking junior to the Class H Shares received by the Corporation subsequent to the date of first issuance of Class H Shares of any series, unless:

(1) All accrued and unpaid dividends on Cumulative Shares, including the full dividends for all current dividend periods, shall have been declared and paid or a sum sufficient for payment thereof set apart;

(2) All unpaid dividends on Noncumulative Shares for the then current dividend period shall have been declared and paid or a sum sufficient for payment therefor set apart; and

(3) There shall be no arrearages with respect to the redemption of Cumulative Shares or Noncumulative Shares of any series from any sinking fund provided for shares of such series in accordance with the provisions of Section 1 of this Item VIII.

(c) The foregoing restrictions on the payment of dividends or other distributions on, or on the purchase, redemption retirement or other acquisition of, Common Shares or any other shares ranking on a parity with or junior to the Class H Shares shall be inapplicable to (i) any payments in lieu of issuance of fractional shares thereof, whether upon any merger, conversion, stock dividend or otherwise, (ii) the conversion of Cumulative Shares or Noncumulative Shares into Common Shares, or (iii) the exercise by the Corporation of its rights pursuant to Item XIV(d) of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized.

(d) If, for any taxable year, the Corporation elects to designate as "capital gain dividends" (as defined in Section 857 of the Code) any portion (the "Capital Gains Amount") of the dividends paid or made available for the year to holders of all classes of stock (the "Total Dividends"), then, to the extent permissible under the Code and to the extent it does not cause any dividends to fail to qualify for the dividends paid deduction under Section 561 of the Code, the portion of the Capital Gains Amount that shall be allocable to holders of the Class H Shares shall be the amount that the total dividends paid or made available to the holders of the Class H Shares for the year bears to the Total Dividends.

Section 3. *Redemption.*

(a) Subject to the express terms of each series, the Corporation:

(1) May, from time to time at the option of the Board of Directors, redeem all or any part of any redeemable series of Class H Shares at the time outstanding at the applicable redemption price for such series fixed in accordance with the provisions of Section 1 of this Item VIII; and

(2) Shall, from time to time, make such redemptions of each series of Class H Shares as may be required to fulfill the requirements of any sinking fund provided for shares of such series at the applicable sinking fund redemption price fixed in accordance with the provisions of Section 1 of this Item VIII; and shall in each case pay all accrued and unpaid dividends to the redemption date.

(b) (1) Notice of every such redemption shall be mailed, postage prepaid, to the holders of record of the Class H Shares to be redeemed at their respective addresses then appearing on the books of the Corporation, not less than 30 days nor more than 60 days prior to the date fixed for such redemption, or such other time prior thereto as the Board of Directors shall fix for any series pursuant to Section 1 of this Item VIII prior to the issuance thereof. At any time after notice as provided above has been deposited in the mail, the Corporation may deposit the aggregate redemption price of Class H Shares to be redeemed, together with accrued and unpaid dividends thereon to the redemption date, with any bank or trust company in Cleveland, Ohio, or New York, New York, having capital and surplus of not less than \$100,000,000 named in such notice and direct that there be paid to the respective holders of the Class H Shares so to be redeemed amounts equal to the redemption price of the Class H Shares so to be redeemed, together with such accrued and unpaid dividends thereon, on surrender of the share certificate or certificates held by such holders; and upon the deposit of such notice in the mail and the making of such deposit of money with such bank or trust company, such holders shall cease to be shareholders with respect to such shares; and from and after the time such notice shall have been so deposited and such deposit of money shall have been so made, such holders shall have no rights or claim against the Corporation with respect to such shares, except only the right to receive such money from such bank or trust company without interest or to exercise before the redemption date any unexpired privileges of conversion. In the event less than all of the outstanding Class H Shares are to be redeemed, the Corporation shall select by lot the shares so to be redeemed in such manner as shall be prescribed by the Board of Directors.

(2) If the holders of Class H Shares which have been called for redemption shall not within six years after such deposit claim the amount deposited for the redemption thereof, any such bank or trust company shall, upon demand, pay over to the Corporation such unclaimed amounts and thereupon such bank or trust company and the Corporation shall be relieved of all responsibility in respect thereof and to such holders.

(c) Any Class H Shares which are (1) redeemed by the Corporation pursuant to the provisions of this Section, (2) purchased and delivered in satisfaction of any sinking fund requirements provided for shares of such series, (3) converted in accordance with the express terms thereof, or (4) otherwise acquired by the Corporation shall resume the status of authorized but unissued Class H Shares without serial designation.

(d) Except in connection with the exercise of the Corporation's rights pursuant to Section (d) of Item XIV of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized, the Corporation may not purchase or redeem (for sinking fund purposes or otherwise) less than all of the Class H Shares then outstanding except in accordance with a stock purchase offer made to all holders of record of Class H Shares, unless all dividends on all Class H Shares then outstanding for all previous and current dividend periods shall have been declared and paid or funds therefor set apart and all accrued sinking fund obligations applicable thereto shall have been complied with.

Section 4. *Liquidation.*

(a) (1) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of Class H Shares of any series shall be entitled to receive in full out of the assets of the Corporation, including its capital, before any amount shall be paid or distributed among the holders of the Common Shares or any other shares ranking junior to the Class H Shares, the amounts fixed with respect to shares of such series in accordance with Section 1 of this Item VIII, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment of the amount due pursuant to such liquidation, dissolution or winding up of the affairs of the Corporation. In the event the net assets of the Corporation legally available therefor are insufficient to permit the payment upon all outstanding Cumulative Shares and Noncumulative Shares of the full preferential amount to which they are respectively entitled, then such net assets shall be distributed ratably upon all outstanding Cumulative Shares and Noncumulative Shares in proportion to the full preferential amount to which each such share is entitled.

(2) After payment to the holders of Class H Shares of the full preferential amounts as aforesaid, the holders of Class H Shares, as such, shall have no right or claim to any of the remaining assets of the Corporation.

(b) The merger or consolidation of the Corporation into or with any other Corporation, the merger of any other Corporation into it, or the sale, lease or conveyance of all or substantially all the assets of the Corporation shall not be deemed to be a dissolution, liquidation or winding up for the purposes of this Section.

Section 5. *Voting.*

(a) The holders of Class H Shares shall have no voting rights, except as provided in this Section or required by law.

(b) (1) If, and so often as, the Corporation shall be in default in the payment of dividends on any series of Class H Shares at the time outstanding, whether or not earned or declared, for a number of dividend payment periods, whether consecutive or not, which in the aggregate contain at least 540 days, all holders of such Class H Shares, voting separately as a class, together with all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares upon which like voting rights have been conferred and are exercisable under the circumstances described in Subsection 5(c), shall be entitled to elect, as herein provided, a total of two members of the Board of Directors of the Corporation; provided, however, that the holders of such Class H Shares shall not exercise such special class voting rights except at meetings of such shareholders for the election of directors at which the holders of not less than 50% of such Class H Shares are present in person or by proxy; and provided further that the special class voting rights provided for in this paragraph when the same shall have become vested shall remain so vested until all accrued and unpaid dividends on such Class H Shares then outstanding shall have been paid or declared and a sum sufficient for the payment thereof set aside for payment, whereupon the holders of such Class H Shares shall be divested of their special class voting rights in respect of subsequent elections of directors, subject to the revesting of such special class voting rights in the event above specified in this paragraph. All dividend payments made on the Class H Shares, at any time during which the Corporation is in default in the payment of dividends on such Class H Shares for any dividend period, shall be deemed to be made in respect of the earliest dividend period with respect to which the Corporation is in default.

(2) In the event of default entitling holders of Class H Shares to elect two directors as specified in paragraph (1) of this Subsection, a special meeting of such holders for the purpose of electing such directors shall be called by the Secretary of the Corporation upon written request of, or may be called by, the holders of record of at least 10% of the Class H Shares upon which such default in the payment of dividends exists and notice thereof shall be given in the same manner as that required for the annual meeting of shareholders; provided, however, that the Corporation shall not be required to call such special meeting if the annual meeting of shareholders shall be called to be held within 90 days after the date of receipt of the foregoing written request from the holders of Class H Shares. At any meeting at which such holders of Class H Shares shall be entitled to elect directors, holders of 50% of such Class H Shares, present in person or by proxy, shall be sufficient to constitute a quorum, and the vote of the holders of a majority of such shares so present at any such meeting at which there shall be such a quorum shall be sufficient to elect the members of the Board of Directors which such holders of Class H Shares are entitled to elect as herein provided. Notwithstanding any provision of these Amended and Restated Articles of Incorporation, as amended, or the Code of Regulations of the Corporation or any action taken by the holders of any class of shares fixing the number of directors of the Corporation, the two directors who may be elected by such holders of Class H Shares pursuant to this Subsection shall serve in addition to any other directors then in office or proposed to be elected otherwise than pursuant to this Subsection. Nothing in this Subsection shall prevent any change otherwise permitted in the total number of or classifications of directors of the Corporation or require the resignation of any director elected otherwise than pursuant to this Subsection. Notwithstanding any classification of the other directors of the Corporation, the two directors elected by such holders of Class H Shares shall be elected annually for terms expiring at the next succeeding annual meeting of shareholders.

(3) Upon any divesting of the special class voting rights of the holders of the Class H Shares in respect of elections of directors as provided in this Subsection, the terms of office of all directors then in office elected by such holders shall terminate immediately thereupon. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, removal from office or otherwise, the remaining director elected by such holders voting as a class may elect a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) If at any time when the holders of Class H Shares are entitled to elect directors pursuant to the foregoing provisions of this Section the holders of any Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class I Shares, Class J Shares, Class K Shares or Noncumulative Shares are entitled to elect directors pursuant hereto by reason of any default in the payment of dividends thereon, then the voting rights of the Cumulative Shares and the Noncumulative Shares then entitled to vote shall be combined (with each class of shares having a number of votes proportional to the aggregate liquidation preference of its outstanding shares). In such case, the holders of Class H Shares and of all such other shares then entitled so to vote, voting as a class, shall elect such directors. If the holders of any such other shares have elected such directors prior to the happening of the default or event permitting the holders of Class H Shares to elect directors, or prior to a written request for the holding of a special meeting being received by the Secretary of the Corporation as required above, then a new election shall be held with all such other shares and the Class H Shares voting together as a single class for such directors, resulting in the termination of the term of such previously elected directors upon the election of such new directors.

(d) The affirmative vote of the holders of at least two-thirds of the Class H Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose, shall be necessary to effect either of the following:

(1) Any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of Class H Shares which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class H Shares or of any shares ranking on a parity with or junior to the Class H Shares nor the amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially preferences or voting or other rights of the holders of Class H Shares; or

(2) The authorization, creation or increase in the authorized number of any shares, or any security convertible into shares, in either case ranking prior to such series of Class H Shares.

(e) In the event, and only to the extent, that (1) Class H Shares are issued in more than one series and (2) Ohio law permits the holders of a series of a class of capital stock to vote separately as a class, the affirmative vote of the holders of at least two-thirds of each series of Class H Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose of voting on such matters, shall be required for any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of these Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of such series which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class H Shares or of any shares ranking on a parity with or junior to the Class H Shares nor the Amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially the preferences or voting or other rights of the holders of such series.

Section 6. *7 3/8% Class H Cumulative Redeemable Preferred Shares* Of the 750,000 authorized Class H Shares, 410,000 shares are designated as a series entitled "7 3/8% Class H Cumulative Redeemable Preferred Shares" (hereinafter called "7 3/8% Class H Preferred Shares"). The 7 3/8% Class H Preferred Shares shall have the express terms set forth in this Division as being applicable to all Class H Shares as a class and, in addition, the following express terms applicable to all 7 3/8% Class H Preferred Shares as a series of Class H Shares:

(a) The annual dividend rate of the 7 3/8% Class H Preferred Shares shall be 7 3/8% of the liquidation preference of \$500.00 per share.

(b) Dividends on the 7 3/8% Class H Preferred Shares shall be payable, if declared, quarterly in arrears on or about the fifteenth day of each January, April, July, and October or, if not a business day, the next succeeding business day, the first quarterly dividend being payable, if declared, on October 15, 2003. The dividends payable for each full quarterly dividend period on each 7 3/8% Class H Preferred Shares shall be \$9.21875.

Dividends for the initial dividend period on the 7 3/8% Class H Preferred Shares, or for any period shorter or longer than a full dividend period on the 7 3/8% Class H Preferred Shares, shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The aggregate dividend payable quarterly to each holder of 7 3/8% Class H Preferred Shares shall be rounded to the nearest one one-hundredth of one cent with \$.00005 being rounded upward. Each dividend shall be payable to the holders of record on such record date, no less than 10 nor more than 30 days preceding the payment date thereof, as shall be fixed from time to time by the Company's Board of Directors.

(c) Dividends on 7 3/8% Class H Preferred Shares shall be cumulative as follows:

(1) With respect to shares included in the initial issue of 7 3/8% Class H Preferred Shares and shares issued any time thereafter up to and including the record date for the payment of the first dividend on the initial issue of 7 3/8% Class H Preferred Shares, dividends shall be cumulative from the date of the initial issue of 7 3/8% Class H Preferred Shares; and

(2) With respect to shares issued any time after the aforesaid record date, dividends shall be cumulative from the dividend payment date next preceding the date of issue of such shares, except that if such shares are issued during the period commencing the day after the record date for the payment of a dividend on 7 3/8% Class H Preferred Shares and ending on the payment date of that dividend, dividends with respect to such shares shall be cumulative from that dividend payment date.

(d) Except as required to preserve the Company's status as a real estate investment trust under the Internal Revenue Code of 1986, as amended, the 7 3/8% Class H Preferred Shares may not be redeemed prior to July 28, 2008. At any time or from time to time on and after July 28, 2008 the Company, at its option upon not less than thirty (30) nor more than sixty (60) days' written notice, may redeem all or any part of the 7 3/8% Class H Preferred Shares at a redemption price of \$500.00 per share plus, in each case, an amount equal to all dividends accrued and unpaid thereon to the redemption date, without interest.

(e) The amount payable per 7 3/8% Class H Preferred Share in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company shall be \$500.00, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment.

(f) All dividend payments made on the 7 3/8% Class H Preferred Shares, at any time during which the Company is in default in the payment of dividends on such 7 3/8% Class H Preferred Shares for any dividend period, shall, for the purposes of Section 5(b)(1) of this Division A-VIII, be deemed to be made in respect of the earliest dividend period with respect to which the Company is in default.

IX. *The Class I Cumulative Preferred Shares.* The Class I Shares shall have the following express terms:

Section 1. *Series.* The Class I Shares may be issued from time to time in one or more series. All Class I Shares shall be of equal rank and shall be identical, except in respect of the matters that may be fixed by the Board of Directors as hereinafter provided, and each share of a series shall be identical with all other shares of such series, except as to the dates from which dividends shall accrue and be cumulative. All Class I Shares shall rank on a parity with the Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class J Shares, Class K Shares and Noncumulative Shares and shall be identical to all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class J Shares, Class K Shares and Noncumulative Shares except (1) in respect of the matters that may be fixed by the Board of Directors as provided in clauses (a) through (i), inclusive, of this Section 1 and (2) only dividends on Cumulative Shares shall be cumulative as set forth herein. Subject to the provisions of Sections 2 through 5, both inclusive, and Item XIII of this Division, which provisions shall apply to all Class I Shares, the Board of Directors hereby is authorized to cause such shares to be issued in one or more series and, with respect to each such series to determine and fix prior to the issuance thereof (and thereafter, to the extent provided in clause (b) of this Section), the following:

- (a) The designation of the series, which may be by distinguishing number, letter or title;
- (b) The authorized number of shares of the series, which number the Board of Directors may (except where otherwise provided in the creation of the series) increase or decrease from time to time before or after the issuance thereof (but not below the number of shares thereof then outstanding);
- (c) The dividend rate or rates of the series, including the means by which such rates may be established;
- (d) The date or dates from which dividends shall accrue and be cumulative and the dates on which and the period or periods for which dividends, if declared, shall be payable, including the means by which such dates and periods may be established;
- (e) The redemption rights and price or prices, if any, for shares of the series;
- (f) The terms and amount of the sinking fund, if any, for the purchase or redemption of shares of the series;
- (g) The amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;
- (h) Whether the shares of the series shall be convertible into Common Shares or shares of any other class and, if so, the conversion rate or rates or price or prices, any adjustments thereof and all other terms and conditions upon which such conversion may be made; and
- (i) Restrictions (in addition to those set forth in Subsection 5(d) or 5(e) of this Item IX) on the issuance of shares of the same series or of any other class or series.

The Board of Directors is authorized to adopt from time to time amendments to the Amended and Restated Articles of Incorporation, as amended, fixing, with respect to each such series, the matters described in clauses (a) through (i), inclusive, of this Section and is authorized to take such actions with respect thereto as may be required by law in order to effect such amendments.

Section 2. *Dividends.*

- (a) The holders of Class I Shares of each series, in preference to the holders of Common Shares and of any other class of shares ranking junior to the Class I Shares, shall be entitled to receive out of any funds legally available therefor,

and when and as declared by the Board of Directors, dividends in cash at the rate or rates for such series fixed in accordance with the provisions of Section 1 above and no more, payable on the dates fixed for such series. Such dividends shall accrue and be cumulative, in the case of shares of each particular series, from and after the date or dates fixed with respect to such series. No dividends shall be paid upon or declared or set apart for any series of the Class I Shares for any dividend period unless at the same time (i) a like proportionate dividend for the dividend periods terminating on the same or any earlier date, ratably in proportion to the respective annual dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class I Shares of all series then issued and outstanding and entitled to receive such dividend and (ii) the dividends payable for the dividend periods terminating on the same or any earlier date (but, with respect to Noncumulative Shares, only with respect to the then current dividend period), ratably in proportion to the respective dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class J Shares, Class K Shares and Noncumulative Shares then issued and outstanding and entitled to receive such dividends.

(b) So long as any Class I Shares shall be outstanding no dividend, except a dividend payable in Common Shares or other shares ranking junior to the Class I Shares, shall be paid or declared or any distribution be made, except as aforesaid, in respect of the Common Shares or any other shares ranking junior to the Class I Shares, nor shall any Common Shares or any other shares ranking junior to the Class I Shares be purchased, retired or otherwise acquired by the Corporation, except out of the proceeds of the sale of Common Shares or other shares of the Corporation ranking junior to the Class I Shares received by the Corporation subsequent to the date of first issuance of Class I Shares of any series, unless:

(1) All accrued and unpaid dividends on Cumulative Shares, including the full dividends for all current dividend periods, shall have been declared and paid or a sum sufficient for payment thereof set apart;

(2) All unpaid dividends on Noncumulative Shares for the then current dividend period shall have been declared and paid or a sum sufficient for payment therefor set apart; and

(3) There shall be no arrearages with respect to the redemption of Cumulative Shares or Noncumulative Shares of any series from any sinking fund provided for shares of such series in accordance with the provisions of Section 1 of this Item IX.

(c) The foregoing restrictions on the payment of dividends or other distributions on, or on the purchase, redemption retirement or other acquisition of, Common Shares or any other shares ranking on a parity with or junior to the Class I Shares shall be inapplicable to (i) any payments in lieu of issuance of fractional shares thereof, whether upon any merger, conversion, stock dividend or otherwise, (ii) the conversion of Cumulative Shares or Noncumulative Shares into Common Shares, or (iii) the exercise by the Corporation of its rights pursuant to Item XIV(d) of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized.

(d) If, for any taxable year, the Corporation elects to designate as "capital gain dividends" (as defined in Section 857 of the Code) any portion (the "Capital Gains Amount") of the dividends paid or made available for the year to holders of all classes of stock (the "Total Dividends"), then, to the extent permissible under the Code and to the extent it does not cause any dividends to fail to qualify for the dividends paid deduction under Section 561 of the Code, the portion of the Capital Gains Amount that shall be allocable to holders of the Class I Shares shall be the amount that the total dividends paid or made available to the holders of the Class I Shares for the year bears to the Total Dividends.

Section 3. *Redemption.*

(a) Subject to the express terms of each series, the Corporation:

(1) May, from time to time at the option of the Board of Directors, redeem all or any part of any redeemable series of Class I Shares at the time outstanding at the applicable redemption price for such series fixed in accordance with the provisions of Section 1 of this Item IX; and

(2) Shall, from time to time, make such redemptions of each series of Class I Shares as may be required to fulfill the requirements of any sinking fund provided for shares of such series at the applicable sinking fund redemption price fixed in accordance with the provisions of Section 1 of this Item IX; and shall in each case pay all accrued and unpaid dividends to the redemption date.

(b) (1) Notice of every such redemption shall be mailed, postage prepaid, to the holders of record of the Class I Shares to be redeemed at their respective addresses then appearing on the books of the Corporation, not less than 30 days nor more than 60 days prior to the date fixed for such redemption, or such other time prior thereto as the Board of Directors shall fix for any series pursuant to Section 1 of this Item IX prior to the issuance thereof. At any time after notice as provided above has been deposited in the mail, the Corporation may deposit the aggregate redemption price of Class I Shares to be redeemed, together with accrued and unpaid dividends thereon to the redemption date, with any bank

or trust company in Cleveland, Ohio, or New York, New York, having capital and surplus of not less than \$100,000,000 named in such notice and direct that there be paid to the respective holders of the Class I Shares so to be redeemed amounts equal to the redemption price of the Class I Shares so to be redeemed, together with such accrued and unpaid dividends thereon, on surrender of the share certificate or certificates held by such holders; and upon the deposit of such notice in the mail and the making of such deposit of money with such bank or trust company, such holders shall cease to be shareholders with respect to such shares; and from and after the time such notice shall have been so deposited and such deposit of money shall have been so made, such holders shall have no rights or claim against the Corporation with respect to such shares, except only the right to receive such money from such bank or trust company without interest or to exercise before the redemption date any unexpired privileges of conversion. In the event less than all of the outstanding Class I Shares are to be redeemed, the Corporation shall select by lot the shares so to be redeemed in such manner as shall be prescribed by the Board of Directors.

(2) If the holders of Class I Shares which have been called for redemption shall not within six years after such deposit claim the amount deposited for the redemption thereof, any such bank or trust company shall, upon demand, pay over to the Corporation such unclaimed amounts and thereupon such bank or trust company and the Corporation shall be relieved of all responsibility in respect thereof and to such holders.

(c) Any Class I Shares which are (1) redeemed by the Corporation pursuant to the provisions of this Section, (2) purchased and delivered in satisfaction of any sinking fund requirements provided for shares of such series, (3) converted in accordance with the express terms thereof, or (4) otherwise acquired by the Corporation shall resume the status of authorized but unissued Class I Shares without serial designation.

(d) Except in connection with the exercise of the Corporation's rights pursuant to Section (d) of Item XIV of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized, the Corporation may not purchase or redeem (for sinking fund purposes or otherwise) less than all of the Class I Shares then outstanding except in accordance with a stock purchase offer made to all holders of record of Class I Shares, unless all dividends on all Class I Shares then outstanding for all previous and current dividend periods shall have been declared and paid or funds therefor set apart and all accrued sinking fund obligations applicable thereto shall have been complied with.

Section 4. *Liquidation.*

(a) (1) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of Class I Shares of any series shall be entitled to receive in full out of the assets of the Corporation, including its capital, before any amount shall be paid or distributed among the holders of the Common Shares or any other shares ranking junior to the Class I Shares, the amounts fixed with respect to shares of such series in accordance with Section 1 of this Item IX, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment of the amount due pursuant to such liquidation, dissolution or winding up of the affairs of the Corporation. In the event the net assets of the Corporation legally available therefor are insufficient to permit the payment upon all outstanding Cumulative Shares and Noncumulative Shares of the full preferential amount to which they are respectively entitled, then such net assets shall be distributed ratably upon all outstanding Cumulative Shares and Noncumulative Shares in proportion to the full preferential amount to which each such share is entitled.

(2) After payment to the holders of Class I Shares of the full preferential amounts as aforesaid, the holders of Class I Shares, as such, shall have no right or claim to any of the remaining assets of the Corporation.

(b) The merger or consolidation of the Corporation into or with any other Corporation, the merger of any other Corporation into it, or the sale, lease or conveyance of all or substantially all the assets of the Corporation shall not be deemed to be a dissolution, liquidation or winding up for the purposes of this Section.

Section 5. *Voting.*

(a) The holders of Class I Shares shall have no voting rights, except as provided in this Section or required by law.

(b) (1) If, and so often as, the Corporation shall be in default in the payment of dividends on any series of Class I Shares at the time outstanding, whether or not earned or declared, for a number of dividend payment periods, whether consecutive or not, which in the aggregate contain at least 540 days, all holders of such Class I Shares, voting separately as a class, together with all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class J Shares, Class K Shares and Noncumulative Shares upon which like voting rights have been conferred and are exercisable under the circumstances described in Subsection 5(c), shall be entitled to elect, as herein provided, a total of two members of the Board of Directors of the Corporation; provided, however, that the holders of such Class I Shares shall not exercise such special class voting rights except at meetings of such shareholders for the election of directors at which the holders of not less than 50% of such Class I Shares are present in person or by

proxy; and provided further that the special class voting rights provided for in this paragraph when the same shall have become vested shall remain so vested until all accrued and unpaid dividends on such Class I Shares then outstanding shall have been paid or declared and a sum sufficient for the payment thereof set aside for payment, whereupon the holders of such Class I Shares shall be divested of their special class voting rights in respect of subsequent elections of directors, subject to the revesting of such special class voting rights in the event above specified in this paragraph. All dividend payments made on the Class I Shares, at any time during which the Corporation is in default in the payment of dividends on such Class I Shares for any dividend period, shall be deemed to be made in respect of the earliest dividend period with respect to which the Corporation is in default.

(2) In the event of default entitling holders of Class I Shares to elect two directors as specified in paragraph (1) of this Subsection, a special meeting of such holders for the purpose of electing such directors shall be called by the Secretary of the Corporation upon written request of, or may be called by, the holders of record of at least 10% of the Class I Shares upon which such default in the payment of dividends exists and notice thereof shall be given in the same manner as that required for the annual meeting of shareholders; provided, however, that the Corporation shall not be required to call such special meeting if the annual meeting of shareholders shall be called to be held within 90 days after the date of receipt of the foregoing written request from the holders of Class I Shares. At any meeting at which such holders of Class I Shares shall be entitled to elect directors, holders of 50% of such Class I Shares, present in person or by proxy, shall be sufficient to constitute a quorum, and the vote of the holders of a majority of such shares so present at any such meeting at which there shall be such a quorum shall be sufficient to elect the members of the Board of Directors which such holders of Class I Shares are entitled to elect as herein provided. Notwithstanding any provision of these Amended and Restated Articles of Incorporation, as amended, or the Code of Regulations of the Corporation or any action taken by the holders of any class of shares fixing the number of directors of the Corporation, the two directors who may be elected by such holders of Class I Shares pursuant to this Subsection shall serve in addition to any other directors then in office or proposed to be elected otherwise than pursuant to this Subsection. Nothing in this Subsection shall prevent any change otherwise permitted in the total number of or classifications of directors of the Corporation or require the resignation of any director elected otherwise than pursuant to this Subsection. Notwithstanding any classification of the other directors of the Corporation, the two directors elected by such holders of Class I Shares shall be elected annually for terms expiring at the next succeeding annual meeting of shareholders.

(3) Upon any divesting of the special class voting rights of the holders of the Class I Shares in respect of elections of directors as provided in this Subsection, the terms of office of all directors then in office elected by such holders shall terminate immediately thereupon. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, removal from office or otherwise, the remaining director elected by such holders voting as a class may elect a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) If at any time when the holders of Class I Shares are entitled to elect directors pursuant to the foregoing provisions of this Section the holders of any Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class J Shares, Class K Shares or Noncumulative Shares are entitled to elect directors pursuant hereto by reason of any default in the payment of dividends thereon, then the voting rights of the Cumulative Shares and the Noncumulative Shares then entitled to vote shall be combined (with each class of shares having a number of votes proportional to the aggregate liquidation preference of its outstanding shares). In such case, the holders of Class I Shares and of all such other shares then entitled so to vote, voting as a class, shall elect such directors. If the holders of any such other shares have elected such directors prior to the happening of the default or event permitting the holders of Class I Shares to elect directors, or prior to a written request for the holding of a special meeting being received by the Secretary of the Corporation as required above, then a new election shall be held with all such other shares and the Class I Shares voting together as a single class for such directors, resulting in the termination of the term of such previously elected directors upon the election of such new directors.

(d) The affirmative vote of the holders of at least two-thirds of the Class I Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose, shall be necessary to effect either of the following:

(1) Any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of Class I Shares which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class I Shares or of any shares ranking on a parity with or junior to the Class I Shares nor the amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially preferences or voting or other rights of the holders of Class I Shares; or

(2) The authorization, creation or increase in the authorized number of any shares, or any security convertible into shares, in either case ranking prior to such series of Class I Shares.

(e) In the event, and only to the extent, that (1) Class I Shares are issued in more than one series and (2) Ohio law permits the holders of a series of a class of capital stock to vote separately as a class, the affirmative vote of the holders of at least two-thirds of each series of Class I Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose of voting on such matters, shall be required for any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of these Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of such series which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class I Shares or of any shares ranking on a parity with or junior to the Class I Shares nor the Amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially the preferences or voting or other rights of the holders of such series.

Section 6. *7.50% Class I Cumulative Redeemable Preferred Shares.* Of the 750,000 authorized Class I Shares, 345,000 shares are designated as a series entitled "7.50% Class I Cumulative Redeemable Preferred Shares" (hereinafter called "7.50% Class I Preferred Shares"). The 7.50% Class I Preferred Shares shall have the express terms set forth in this Division as being applicable to all Class I Shares as a class and, in addition, the following express terms applicable to all 7.50% Class I Preferred Shares as a series of Class I Shares:

(a) The annual dividend rate of the 7.50% Class I Preferred Shares shall be 7.50% of the liquidation preference of \$500.00 per share.

(b) Dividends on the 7.50% Class I Preferred Shares shall be payable, if declared, quarterly in arrears on or about the fifteenth day of each January, April, July, and October or, if not a business day, the next succeeding business day, the first quarterly dividend being payable, if declared, on July 15, 2004. The dividends payable for each full quarterly dividend period on each 7.50% Class I Preferred Share shall be \$9.375.

Dividends for the initial dividend period on the 7.50% Class I Preferred Shares, or for any period shorter or longer than a full dividend period on the 7.50% Class I Preferred Shares, shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The aggregate dividend payable quarterly to each holder of 7.50% Class I Preferred Shares shall be rounded to the nearest one one-hundredth of one cent with \$.00005 being rounded upward. Each dividend shall be payable to the holders of record on such record date, no less than 10 nor more than 30 days preceding the payment date thereof, as shall be fixed from time to time by the Company's Board of Directors.

(c) Dividends on 7.50% Class I Preferred Shares shall be cumulative as follows:

(1) With respect to shares included in the initial issue of 7.50% Class I Preferred Shares and shares issued any time thereafter up to and including the record date for the payment of the first dividend on the initial issue of 7.50% Class I Preferred Shares, dividends shall be cumulative from the date of the initial issue of 7.50% Class I Preferred Shares; and

(2) With respect to shares issued any time after the aforesaid record date, dividends shall be cumulative from the dividend payment date next preceding the date of issue of such shares, except that if such shares are issued during the period commencing the day after the record date for the payment of a dividend on 7.50% Class I Preferred Shares and ending on the payment date of that dividend, dividends with respect to such shares shall be cumulative from that dividend payment date.

(d) Except as required to preserve the Company's status as a real estate investment trust under the Internal Revenue Code of 1986, as amended, the 7.50% Class I Preferred Shares may not be redeemed prior to May 7, 2009. At any time or from time to time on and after May 7, 2009 the Company, at its option upon not less than thirty (30) nor more than sixty (60) days' written notice, may redeem all or any part of the 7.50% Class I Preferred Shares at a redemption price of \$500.00 per share plus, in each case, an amount equal to all dividends accrued and unpaid thereon to the redemption date, without interest.

(e) The amount payable per 7.50% Class I Preferred Share in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company shall be \$500.00, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment.

(f) All dividend payments made on the 7.50% Class I Preferred Shares, at any time during which the Company is in default in the payment of dividends on such 7.50% Class I Preferred Shares for any dividend period, shall, for the

purposes of Section 5(b)(1) of this Division A-IX, be deemed to be made in respect of the earliest dividend period with respect to which the Company is in default.

X. *The Class J Cumulative Preferred Shares.* The Class J Shares shall have the following express terms:

Section 1. *Series.* The Class J Shares may be issued from time to time in one or more series. All Class J Shares shall be of equal rank and shall be identical, except in respect of the matters that may be fixed by the Board of Directors as hereinafter provided, and each share of a series shall be identical with all other shares of such series, except as to the dates from which dividends shall accrue and be cumulative. All Class J Shares shall rank on a parity with the Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class K Shares and Noncumulative Shares and shall be identical to all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class K Shares and Noncumulative Shares except (1) in respect of the matters that may be fixed by the Board of Directors as provided in clauses (a) through (i), inclusive, of this Section 1 and (2) only dividends on Cumulative Shares shall be cumulative as set forth herein. Subject to the provisions of Sections 2 through 5, both inclusive, and Item XIII of this Division, which provisions shall apply to all Class J Shares, the Board of Directors hereby is authorized to cause such shares to be issued in one or more series and, with respect to each such series to determine and fix prior to the issuance thereof (and thereafter, to the extent provided in clause (b) of this Section), the following:

- (a) The designation of the series, which may be by distinguishing number, letter or title;
- (b) The authorized number of shares of the series, which number the Board of Directors may (except where otherwise provided in the creation of the series) increase or decrease from time to time before or after the issuance thereof (but not below the number of shares thereof then outstanding);
- (c) The dividend rate or rates of the series, including the means by which such rates may be established;
- (d) The date or dates from which dividends shall accrue and be cumulative and the dates on which and the period or periods for which dividends, if declared, shall be payable, including the means by which such dates and periods may be established;
- (e) The redemption rights and price or prices, if any, for shares of the series;
- (f) The terms and amount of the sinking fund, if any, for the purchase or redemption of shares of the series;
- (g) The amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;
- (h) Whether the shares of the series shall be convertible into Common Shares or shares of any other class and, if so, the conversion rate or rates or price or prices, any adjustments thereof and all other terms and conditions upon which such conversion may be made; and
- (i) Restrictions (in addition to those set forth in Subsection 5(d) or 5(e) of this Item X) on the issuance of shares of the same series or of any other class or series.

The Board of Directors is authorized to adopt from time to time amendments to the Amended and Restated Articles of Incorporation, as amended, fixing, with respect to each such series, the matters described in clauses (a) through (i), inclusive, of this Section and is authorized to take such actions with respect thereto as may be required by law in order to effect such amendments.

Section 2. *Dividends.*

(a) The holders of Class J Shares of each series, in preference to the holders of Common Shares and of any other class of shares ranking junior to the Class J Shares, shall be entitled to receive out of any funds legally available therefor, and when and as declared by the Board of Directors, dividends in cash at the rate or rates for such series fixed in accordance with the provisions of Section 1 above and no more, payable on the dates fixed for such series. Such dividends shall accrue and be cumulative, in the case of shares of each particular series, from and after the date or dates fixed with respect to such series. No dividends shall be paid upon or declared or set apart for any series of the Class J Shares for any dividend period unless at the same time (i) a like proportionate dividend for the dividend periods terminating on the same or any earlier date, ratably in proportion to the respective annual dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class J Shares of all series then issued and outstanding and entitled to receive such dividend and (ii) the dividends payable for the dividend periods terminating on the same or any earlier date (but, with respect to Noncumulative Shares, only with respect to the then current dividend period), ratably in proportion to the respective dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class K Shares and Noncumulative Shares then issued and outstanding and entitled to receive such dividends.

(b) So long as any Class J Shares shall be outstanding no dividend, except a dividend payable in Common Shares or other shares ranking junior to the Class J Shares, shall be paid or declared or any distribution be made, except as aforesaid, in respect of the Common Shares or any other shares ranking junior to the Class J Shares, nor shall any Common Shares or any other shares ranking junior to the Class J Shares be purchased, retired or otherwise acquired by the Corporation, except out of the proceeds of the sale of Common Shares or other shares of the Corporation ranking junior to the Class J Shares received by the Corporation subsequent to the date of first issuance of Class J Shares of any series, unless:

(1) All accrued and unpaid dividends on Cumulative Shares, including the full dividends for all current dividend periods, shall have been declared and paid or a sum sufficient for payment thereof set apart;

(2) All unpaid dividends on Noncumulative Shares for the then current dividend period shall have been declared and paid or a sum sufficient for payment therefor set apart; and

(3) There shall be no arrearages with respect to the redemption of Cumulative Shares or Noncumulative Shares of any series from any sinking fund provided for shares of such series in accordance with the provisions of Section 1 of this Item X.

(c) The foregoing restrictions on the payment of dividends or other distributions on, or on the purchase, redemption retirement or other acquisition of, Common Shares or any other shares ranking on a parity with or junior to the Class J Shares shall be inapplicable to (i) any payments in lieu of issuance of fractional shares thereof, whether upon any merger, conversion, stock dividend or otherwise, (ii) the conversion of Cumulative Shares or Noncumulative Shares into Common Shares, or (iii) the exercise by the Corporation of its rights pursuant to Item XIV(d) of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized.

(d) If, for any taxable year, the Corporation elects to designate as "capital gain dividends" (as defined in Section 857 of the Code) any portion (the "Capital Gains Amount") of the dividends paid or made available for the year to holders of all classes of stock (the "Total Dividends"), then, to the extent permissible under the Code and to the extent it does not cause any dividends to fail to qualify for the dividends paid deduction under Section 561 of the Code, the portion of the Capital Gains Amount that shall be allocable to holders of the Class J Shares shall be the amount that the total dividends paid or made available to the holders of the Class J Shares for the year bears to the Total Dividends.

Section 3. *Redemption.*

(a) Subject to the express terms of each series, the Corporation:

(1) May, from time to time at the option of the Board of Directors, redeem all or any part of any redeemable series of Class J Shares at the time outstanding at the applicable redemption price for such series fixed in accordance with the provisions of Section 1 of this Item X; and

(2) Shall, from time to time, make such redemptions of each series of Class J Shares as may be required to fulfill the requirements of any sinking fund provided for shares of such series at the applicable sinking fund redemption price fixed in accordance with the provisions of Section 1 of this Item X; and shall in each case pay all accrued and unpaid dividends to the redemption date.

(b) (1) Notice of every such redemption shall be mailed, postage prepaid, to the holders of record of the Class J Shares to be redeemed at their respective addresses then appearing on the books of the Corporation, not less than 30 days nor more than 60 days prior to the date fixed for such redemption, or such other time prior thereto as the Board of Directors shall fix for any series pursuant to Section 1 of this Item X prior to the issuance thereof. At any time after notice as provided above has been deposited in the mail, the Corporation may deposit the aggregate redemption price of Class J Shares to be redeemed, together with accrued and unpaid dividends thereon to the redemption date, with any bank or trust company in Cleveland, Ohio, or New York, New York, having capital and surplus of not less than \$100,000,000 named in such notice and direct that there be paid to the respective holders of the Class J Shares so to be redeemed amounts equal to the redemption price of the Class J Shares so to be redeemed, together with such accrued and unpaid dividends thereon, on surrender of the share certificate or certificates held by such holders; and upon the deposit of such notice in the mail and the making of such deposit of money with such bank or trust company, such holders shall cease to be shareholders with respect to such shares; and from and after the time such notice shall have been so deposited and such deposit of money shall have been so made, such holders shall have no rights or claim against the Corporation with respect to such shares, except only the right to receive such money from such bank or trust company without interest or to exercise before the redemption date any unexpired privileges of conversion. In the event less than all of the outstanding Class J Shares are to be redeemed, the Corporation shall select by lot the shares so to be redeemed in such manner as shall be prescribed by the Board of Directors.

(2) If the holders of Class J Shares which have been called for redemption shall not within six years after such deposit claim the amount deposited for the redemption thereof, any such bank or trust company shall, upon demand, pay over to the Corporation such unclaimed amounts and thereupon such bank or trust company and the Corporation shall be relieved of all responsibility in respect thereof and to such holders.

(c) Any Class J Shares which are (1) redeemed by the Corporation pursuant to the provisions of this Section, (2) purchased and delivered in satisfaction of any sinking fund requirements provided for shares of such series, (3) converted in accordance with the express terms thereof, or (4) otherwise acquired by the Corporation shall resume the status of authorized but unissued Class J Shares without serial designation.

(d) Except in connection with the exercise of the Corporation's rights pursuant to Section (d) of Item XIV of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized, the Corporation may not purchase or redeem (for sinking fund purposes or otherwise) less than all of the Class J Shares then outstanding except in accordance with a stock purchase offer made to all holders of record of Class J Shares, unless all dividends on all Class J Shares then outstanding for all previous and current dividend periods shall have been declared and paid or funds therefor set apart and all accrued sinking fund obligations applicable thereto shall have been complied with.

Section 4. *Liquidation.*

(a) (1) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of Class J Shares of any series shall be entitled to receive in full out of the assets of the Corporation, including its capital, before any amount shall be paid or distributed among the holders of the Common Shares or any other shares ranking junior to the Class J Shares, the amounts fixed with respect to shares of such series in accordance with Section 1 of this Item X, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment of the amount due pursuant to such liquidation, dissolution or winding up of the affairs of the Corporation. In the event the net assets of the Corporation legally available therefor are insufficient to permit the payment upon all outstanding Cumulative Shares and Noncumulative Shares of the full preferential amount to which they are respectively entitled, then such net assets shall be distributed ratably upon all outstanding Cumulative Shares and Noncumulative Shares in proportion to the full preferential amount to which each such share is entitled.

(2) After payment to the holders of Class J Shares of the full preferential amounts as aforesaid, the holders of Class J Shares, as such, shall have no right or claim to any of the remaining assets of the Corporation.

(b) The merger or consolidation of the Corporation into or with any other Corporation, the merger of any other Corporation into it, or the sale, lease or conveyance of all or substantially all the assets of the Corporation shall not be deemed to be a dissolution, liquidation or winding up for the purposes of this Section.

Section 5. *Voting.*

(a) The holders of Class J Shares shall have no voting rights, except as provided in this Section or required by law.

(b) (1) If, and so often as, the Corporation shall be in default in the payment of dividends on any series of Class J Shares at the time outstanding, whether or not earned or declared, for a number of dividend payment periods, whether consecutive or not, which in the aggregate contain at least 540 days, all holders of such Class J Shares, voting separately as a class, together with all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class K Shares and Noncumulative Shares upon which like voting rights have been conferred and are exercisable under the circumstances described in Subsection 5(c), shall be entitled to elect, as herein provided, a total of two members of the Board of Directors of the Corporation; provided, however, that the holders of such Class J Shares shall not exercise such special class voting rights except at meetings of such shareholders for the election of directors at which the holders of not less than 50% of such Class J Shares are present in person or by proxy; and provided further that the special class voting rights provided for in this paragraph when the same shall have become vested shall remain so vested until all accrued and unpaid dividends on such Class J Shares then outstanding shall have been paid or declared and a sum sufficient for the payment thereof set aside for payment, whereupon the holders of such Class J Shares shall be divested of their special class voting rights in respect of subsequent elections of directors, subject to the reversion of such special class voting rights in the event above specified in this paragraph. All dividend payments made on the Class J Shares, at any time during which the Corporation is in default in the payment of dividends on such Class J Shares for any dividend period, shall be deemed to be made in respect of the earliest dividend period with respect to which the Corporation is in default.

(2) In the event of default entitling holders of Class J Shares to elect two directors as specified in paragraph (1) of this Subsection, a special meeting of such holders for the purpose of electing such directors shall be called by the Secretary of the Corporation upon written request of, or may be called by, the holders of record of at least 10% of the

Class J Shares upon which such default in the payment of dividends exists and notice thereof shall be given in the same manner as that required for the annual meeting of shareholders; provided, however, that the Corporation shall not be required to call such special meeting if the annual meeting of shareholders shall be called to be held within 90 days after the date of receipt of the foregoing written request from the holders of Class J Shares. At any meeting at which such holders of Class J Shares shall be entitled to elect directors, holders of 50% of such Class J Shares, present in person or by proxy, shall be sufficient to constitute a quorum, and the vote of the holders of a majority of such shares so present at any such meeting at which there shall be such a quorum shall be sufficient to elect the members of the Board of Directors which such holders of Class J Shares are entitled to elect as herein provided. Notwithstanding any provision of these Amended and Restated Articles of Incorporation, as amended, or the Code of Regulations of the Corporation or any action taken by the holders of any class of shares fixing the number of directors of the Corporation, the two directors who may be elected by such holders of Class J Shares pursuant to this Subsection shall serve in addition to any other directors then in office or proposed to be elected otherwise than pursuant to this Subsection. Nothing in this Subsection shall prevent any change otherwise permitted in the total number of or classifications of directors of the Corporation or require the resignation of any director elected otherwise than pursuant to this Subsection. Notwithstanding any classification of the other directors of the Corporation, the two directors elected by such holders of Class J Shares shall be elected annually for terms expiring at the next succeeding annual meeting of shareholders.

(3) Upon any divesting of the special class voting rights of the holders of the Class J Shares in respect of elections of directors as provided in this Subsection, the terms of office of all directors then in office elected by such holders shall terminate immediately thereupon. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, removal from office or otherwise, the remaining director elected by such holders voting as a class may elect a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) If at any time when the holders of Class J Shares are entitled to elect directors pursuant to the foregoing provisions of this Section the holders of any Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class K Shares or Noncumulative Shares are entitled to elect directors pursuant hereto by reason of any default in the payment of dividends thereon, then the voting rights of the Cumulative Shares and the Noncumulative Shares then entitled to vote shall be combined (with each class of shares having a number of votes proportional to the aggregate liquidation preference of its outstanding shares). In such case, the holders of Class J Shares and of all such other shares then entitled so to vote, voting as a class, shall elect such directors. If the holders of any such other shares have elected such directors prior to the happening of the default or event permitting the holders of Class J Shares to elect directors, or prior to a written request for the holding of a special meeting being received by the Secretary of the Corporation as required above, then a new election shall be held with all such other shares and the Class J Shares voting together as a single class for such directors, resulting in the termination of the term of such previously elected directors upon the election of such new directors.

(d) The affirmative vote of the holders of at least two-thirds of the Class J Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose, shall be necessary to effect either of the following:

(1) Any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of Class J Shares which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class J Shares or of any shares ranking on a parity with or junior to the Class J Shares nor the amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially preferences or voting or other rights of the holders of Class J Shares; or

(2) The authorization, creation or increase in the authorized number of any shares, or any security convertible into shares, in either case ranking prior to such series of Class J Shares.

(e) In the event, and only to the extent, that (1) Class J Shares are issued in more than one series and (2) Ohio law permits the holders of a series of a class of capital stock to vote separately as a class, the affirmative vote of the holders of at least two-thirds of each series of Class J Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose of voting on such matters, shall be required for any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of these Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of such series which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these

Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class J Shares or of any shares ranking on a parity with or junior to the Class J Shares nor the Amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially the preferences or voting or other rights of the holders of such series.

Section 6. *6.50% Class J Cumulative Redeemable Preferred Shares.* Of the 750,000 authorized Class J Shares, 400,000 shares are designated as a series entitled "6.50% Class J Cumulative Redeemable Preferred Shares" (hereinafter called "6.50% Class J Preferred Shares"). The 6.50% Class J Preferred Shares shall have the express terms set forth in this Division as being applicable to all Class J Shares as a class and, in addition, the following express terms applicable to all 6.50% Class J Preferred Shares as a series of Class J Shares:

(a) The annual dividend rate of the 6.50% Class J Preferred Shares shall be 6.50% of the liquidation preference of \$500.00 per share.

(b) Dividends on the 6.50% Class J Preferred Shares shall be payable, if declared, quarterly in arrears on the fifteenth day of each January, April, July and October or, if not a Business Day (as defined in clause (h) of this Section 6), the next succeeding Business Day (each a "Dividend Payment Date"), the first quarterly dividend being payable, if declared, on October 15, 2012 (the "First Dividend Payment Date"). The dividends payable for each full quarterly dividend period on each 6.50% Class J Preferred Share shall be \$8.125.

Dividends for the initial dividend period on the 6.50% Class J Preferred Shares, or for any period shorter or longer than a full dividend period on the 6.50% Class J Preferred Shares, shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The aggregate dividend payable quarterly to each holder of 6.50% Class J Preferred Shares shall be rounded to the nearest one-hundredth of one cent with \$.00005 being rounded upward. Each dividend shall be payable to the holders of record as of the close of business on the applicable record date, which shall be the first day of the calendar month in which the applicable Dividend Payment Date falls or on such other date as shall be fixed by the Corporation's Board of Directors that is no less than ten nor more than 30 days preceding the applicable Dividend Payment Date (the "Dividend Record Date"), in each case whether or not such day is a Business Day.

(c) Dividends on 6.50% Class J Preferred Shares shall be cumulative as follows:

(1) with respect to shares included in the initial issue of 6.50% Class J Preferred Shares and shares issued any time thereafter up to and including the Dividend Record Date for the First Dividend Payment Date, dividends shall be cumulative from the date of the initial issue of 6.50% Class J Preferred Shares; and

(2) with respect to shares issued any time after the aforesaid Dividend Record Date, dividends shall be cumulative from the Dividend Payment Date next preceding the date of issue of such shares, except that if such shares are issued during the period commencing the day after the Dividend Record Date for the payment of a dividend on 6.50% Class J Preferred Shares and ending on the Dividend Payment Date of that dividend, dividends with respect to such shares shall be cumulative from that Dividend Payment Date.

Accrued but unpaid dividends on 6.50% Class J Preferred Shares shall not bear interest. Any dividend payment made on the 6.50% Class J Preferred Shares shall first be credited against the earliest accrued but unpaid dividend due with respect to such shares which remains payable.

(d) Except as required to preserve the Corporation's status as a real estate investment trust under the Internal Revenue Code of 1986, as amended, and except pursuant to the Special Optional Redemption Right (as defined in this Section 6(d)), the 6.50% Class J Preferred Shares may not be redeemed prior to August 1, 2017.

At any time or from time to time on and after August 1, 2017, the Corporation, at its option upon not less than 30 nor more than 60 days' written notice, may redeem the 6.50% Class J Preferred Shares, in whole or in part, at a redemption price of \$500.00 per share plus, in each case, an amount equal to all dividends accrued and unpaid thereon to, but not including, the redemption date, without interest (the "Optional Redemption Right"). Upon the occurrence of a Change of Control (as defined in clause (h) of this Section 6), the Corporation, at its option upon not less than 30 nor more than 60 days' written notice, may redeem the 6.50% Class J Preferred Shares, in whole or in part, within 120 days after the first date on which such Change of Control occurred, at a redemption price of \$500.00 per share plus, in each case, an amount equal to all dividends accrued and unpaid thereon to, but not including, the redemption date, without interest (the "Special Optional Redemption Right").

If, prior to the Change of Control Conversion Date (as defined in clause (h) of this Section 6), the Corporation has provided or provides notice of its exercise of any of its redemption rights with respect to the 6.50% Class J Preferred

Shares (whether pursuant to the Optional Redemption Right or the Special Optional Redemption Right), the holders of 6.50% Class J Preferred Shares will not have the Change of Control Conversion Right (as defined in clause (e) of this Section 6) in respect of the 6.50% Class J Preferred Shares called for redemption.

If less than all of the outstanding 6.50% Class J Preferred Shares are to be redeemed, the 6.50% Class J Preferred Shares to be redeemed shall be selected pro rata (as nearly as may be practicable without creating fractional shares), or by any other equitable method determined by the Corporation that will not result in the issuance of any 6.50% Class J Preferred Shares in excess of the Ownership Limit (as defined in Section (a) of Item XIV of this Division A of this Article FOURTH).

Notice of redemption shall be mailed, postage prepaid, as of a date set by the Corporation not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the 6.50% Class J Preferred Shares to be redeemed at their respective addresses then appearing on the books of the Corporation.

(1) No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the redemption of any 6.50% Class J Preferred Shares except as to the holder to whom such notice was defective or not given.

(2) A redemption notice which has been mailed in the manner provided herein shall be conclusively presumed to have been duly given on the date mailed whether or not the holder received the redemption notice.

In addition to any information required by the applicable rules of any securities exchange upon which the 6.50% Class J Preferred Shares may be listed or admitted to trading, each such notice shall state (i) the redemption date; (ii) the redemption price; (iii) the number of 6.50% Class J Preferred Shares to be redeemed; (iv) the place or places where certificates, if any, for the 6.50% Class J Preferred Shares to be redeemed are to be surrendered for payment of the redemption price; and (v) that dividends in respect of the 6.50% Class J Preferred Shares to be redeemed will cease to accrue on such redemption date. If less than all of the 6.50% Class J Preferred Shares held by any holder are to be redeemed, the notice shall state the number of such 6.50% Class J Preferred Shares held by such holder to be so redeemed.

(3) In the event the Corporation is exercising the Special Optional Redemption Right, the notice referred to above shall also state: (i) that the 6.50% Class J Preferred Shares are being redeemed pursuant to the Special Optional Redemption Right in connection with the occurrence of a Change of Control and a brief description of the transaction(s) constituting such Change of Control; and (ii) that the 6.50% Class J Preferred Shares to which such notice relates may not be tendered for conversion in connection with the Change of Control by the holder thereof and that each 6.50% Class J Preferred Share so tendered for conversion that is selected, prior to the Change of Control Conversion Date, for redemption will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date.

Anything herein to the contrary notwithstanding and except as otherwise required by law, the holders of 6.50% Class J Preferred Shares at the close of business on a Dividend Record Date will be entitled to receive the dividend payable with respect to their 6.50% Class J Preferred Shares on the corresponding Dividend Payment Date notwithstanding the redemption thereof after such Dividend Record Date and on or prior to such Dividend Payment Date or the Corporation's default in the payment of the dividend due on such Dividend Payment Date. Except as provided in this Section 6, the Corporation will make no payment or allowance for unpaid dividends, whether or not in arrears, on 6.50% Class J Preferred Shares called for redemption.

(e) 6.50% Class J Preferred Shares shall not be convertible into or exchangeable for any other property or securities of the Corporation, except as provided in this Section 6(e) and/or except in connection with the exercise of the Corporation's rights pursuant to Section (d) of Item XIV of this Division A of this Article FOURTH, Section 4(d) of Division B of this Article FOURTH, or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended.

Upon the occurrence of a Change of Control, each holder of 6.50% Class J Preferred Shares shall have the right, unless, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem the 6.50% Class J Preferred Shares pursuant to the Optional Redemption Right or Special Optional Redemption Right, to convert some or all of the 6.50% Class J Preferred Shares held by such holder (the "Change of Control Conversion Right") on the Change of Control Conversion Date into a number of Common Shares (or equivalent value of Alternative Conversion Consideration (as defined in this Section 6(e)) per 6.50% Class J Preferred Share to be converted (the "Common Shares Conversion Consideration") equal to the lesser of (i) the quotient obtained by dividing (1) the sum of \$500.00 per share plus the amount of any accrued and unpaid dividends to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a Dividend Record Date and prior to the

corresponding Dividend Payment Date, in which case no additional amount for such accrued and unpaid dividends will be included in this sum) by (2) the Common Share Price (as defined in clause (h) of this Section 6); and (ii) 66.8896 (the "Share Cap"), subject to the adjustments described in the following paragraph.

Anything herein to the contrary notwithstanding and except as otherwise required by law, the persons who are holders of record of 6.50% Class J Preferred Shares at the close of business on a Dividend Record Date will be entitled to receive the dividend payable on the corresponding Dividend Payment Date notwithstanding the conversion of those shares after such Dividend Record Date and on or prior to such Dividend Payment Date and, in such case, the full amount of such dividend shall be paid on such Dividend Payment Date to the persons who were the holders of record of 6.50% Class J Preferred Shares at the close of business on such Dividend Record Date.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of Common Shares), subdivisions or combinations (in each case, a "Share Split") with respect to Common Shares as follows: the adjusted Share Cap as the result of a Share Split will be the number of Common Shares that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of Common Shares outstanding after giving effect to such Share Split and the denominator of which is the number of Common Shares outstanding immediately prior to such Share Split.

For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of Common Shares (or equivalent Alternative Conversion Consideration, as applicable) issuable in connection with the exercise of the Change of Control Conversion Right shall not exceed 26,756,000 Common Shares (or equivalent Alternative Conversion Consideration, as applicable) (the "Exchange Cap"). The Exchange Cap is subject to pro rata adjustments for any Share Splits on the same basis as the corresponding adjustment to the Share Cap and is subject to increase in the event that additional 6.50% Class J Preferred Shares are designated and issued in the future pursuant to an amendment to these Amended and Restated Articles of Incorporation, as amended.

In the case of a Change of Control pursuant to which Common Shares will be converted into cash, securities or other property or assets (including any combination thereof) (the "Alternative Form Consideration"), a holder of 6.50% Class J Preferred Shares will receive upon conversion of such 6.50% Class J Preferred Shares the kind and amount of Alternative Form Consideration that such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of Common Shares equal to the Common Shares Conversion Consideration immediately prior to the effective time of the Change of Control (the "Alternative Conversion Consideration"; the Common Shares Conversion Consideration or the Alternative Conversion Consideration, as may be applicable to a Change of Control, is referred to as the "Conversion Consideration").

If the holders of Common Shares have the opportunity to elect the form of consideration to be received in the Change of Control, the consideration that the holders of the 6.50% Class J Preferred Shares will receive will be in the form and proportion of the aggregate consideration elected by the holders of Common Shares who participate in the determination (based on the weighted average of elections) and will be subject to any limitations to which all holders of Common Shares are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in the Change of Control.

No fractional Common Shares will be issued upon the conversion of the 6.50% Class J Preferred Shares. In lieu of fractional shares, holders shall be entitled to receive the cash value of such fractional shares based on the Common Share Price (as defined in clause (h) of this Section 6).

Within 15 days following the occurrence of a Change of Control, the Corporation shall deliver a notice of occurrence of the Change of Control, describing the resulting Change of Control Conversion Right, to the holders of record of the 6.50% Class J Preferred Shares at their respective addresses then appearing on the books of the Corporation.

(1) No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the conversion of any 6.50% Class J Preferred Shares except as to the holder to whom notice was defective or not given.

(2) Each such notice shall state (i) the events constituting the Change of Control; (ii) the date of the Change of Control; (iii) the last date on which the holders of the 6.50% Class J Preferred Shares may exercise their Change of Control Conversion Right; (iv) the method and period for calculating the Common Share Price; (v) the Change of Control Conversion Date; (vi) that if, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem all or any portion of the 6.50% Class J Preferred Shares, holders of such shares will not be able to convert such shares and such shares will be redeemed on the related redemption date, even if such shares have

already been tendered for conversion pursuant to the Change of Control Conversion Right; (vii) if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per 6.50% Class J Preferred Share; (viii) the name and address of the paying agent and the conversion agent; (ix) the procedures that the holders of the 6.50% Class J Preferred Shares must follow to exercise the Change of Control Conversion Right; and (x) the last date on which the holders of the 6.50% Class J Preferred Shares may withdraw shares surrendered for conversion and the procedures that such holders must follow to effect such a withdrawal.

The Corporation shall issue a press release for publication on the Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), or post notice on the Corporation's website, in any event prior to the opening of business on the first Business Day following any date on which the Corporation provides the Change of Control notice described above to the holders of the 6.50% Class J Preferred Shares.

In order to exercise the Change of Control Conversion Right, a holder of 6.50% Class J Preferred Shares shall be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates, if any, evidencing the 6.50% Class J Preferred Shares to be converted, duly endorsed for transfer, together with a written conversion notice completed, to the Corporation's transfer agent.

(1) Such notice shall state (i) the relevant Change of Control Conversion Date; (ii) the number of 6.50% Class J Preferred Shares to be converted; and (iii) that the 6.50% Class J Preferred Shares are to be converted pursuant to the applicable provisions of the 6.50% Class J Preferred Shares.

(2) Notwithstanding the foregoing, if the 6.50% Class J Preferred Shares are held in global form, such notice shall comply with applicable procedures of The Depository Trust Company or any other organization acting as depository for the 6.50% Class J Preferred Shares (the "Depository").

Holders of 6.50% Class J Preferred Shares may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to the Corporation's transfer agent prior to the close of business on the Business Day prior to the Change of Control Conversion Date.

(1) The notice of withdrawal must state: (i) the number of withdrawn 6.50% Class J Preferred Shares; (ii) if certificated 6.50% Class J Preferred Shares have been issued, the certificate numbers of the withdrawn 6.50% Class J Preferred Shares; and (iii) the number of 6.50% Class J Preferred Shares, if any, which remain subject to the conversion notice.

(2) Notwithstanding the foregoing, if the 6.50% Class J Preferred Shares are held in global form, such notice of withdrawal shall comply with applicable procedures of the Depository.

6.50% Class J Preferred Shares as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn shall be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem such 6.50% Class J Preferred Shares, whether pursuant to the Optional Redemption Right or Special Optional Redemption Right. If the Corporation elects to redeem 6.50% Class J Preferred Shares that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such 6.50% Class J Preferred Shares shall not be so converted and the holders of such shares shall be entitled to receive on the applicable redemption date \$500.00 per share, plus accrued and unpaid dividends to, but not including, the redemption date.

The Corporation shall deliver the applicable Conversion Consideration to the applicable holders of 6.50% Class J Preferred Shares no later than the third Business Day following the Change of Control Conversion Date.

Notwithstanding anything to the contrary contained herein, no holder of 6.50% Class J Preferred Shares will be entitled to convert such shares to the extent that receipt of Common Shares upon conversion of the 6.50% Class J Preferred Shares would cause such holder (or any other person) to exceed either of the ownership limits described in Section (a) of Item XIV of this Division A of this Article FOURTH and Section 4(a) of Division B of this Article FOURTH, unless the Corporation provides an exemption from such ownership limits for such holder.

Notwithstanding the foregoing restrictions on the ability to convert the 6.50% Class J Preferred Shares, any conversion of 6.50% Class J Preferred Shares in violation of the ownership limits described in Section (a) of Item XIV of this Division A of this Article FOURTH and Section 4(a) of Division B of this Article FOURTH, or that causes another

person to be in violation of such ownership limits, including as a result of the effect of the operation of this provision, shall be construed as causing any 6.50% Class J Preferred Shares that exceed such ownership limits to be deemed Excess Preferred Shares and subject to the provisions applicable to Excess Preferred Shares set forth in these Amended and Restated Articles of Incorporation, as amended.

(f) The amount payable per 6.50% Class J Preferred Share in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation shall be \$500.00, plus an amount equal to all dividends accrued and unpaid thereon to, but not including, the date of payment.

(g) All dividend payments made on the 6.50% Class J Preferred Shares, at any time during which the Corporation is in default in the payment of dividends on such 6.50% Class J Preferred Shares for any dividend period, shall, for the purposes of Section 5(b)(1) of this Item X, be deemed to be made in respect of the earliest dividend period with respect to which the Corporation is in default.

(h) *Definitions.* For the purposes of this Section 6 of Item X of Division A of this Article FOURTH, the following terms shall have the following meanings:

“Business Day” shall mean any day other than a Saturday, Sunday or a day on which banking institutions in The City of New York, New York are authorized or required by law, regulation or executive order to close.

“Change of Control” is when, after the original issuance of the 6.50% Class J Preferred Shares, the following have occurred and are continuing:

(i) the acquisition by any person, including any syndicate or group deemed to be a “person” under Section 13(d)(3) of the Exchange Act (as defined in this Section 6(h)), of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of shares of the Corporation entitling that person to exercise more than 50% of the total voting power of all shares of the Corporation entitled to vote generally in elections of directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

(ii) following the closing of any transaction referred to in the foregoing clause (i), neither the Corporation nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE MKT or NASDAQ, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or NASDAQ.

“Change of Control Conversion Date” shall mean the date the 6.50% Class J Preferred Shares are to be converted which shall be a Business Day that is no fewer than 20 days nor more than 35 days after the date on which the Corporation provides notice of the occurrence of a Change of Control (as provided for in clause (e) of this Section 6) to the holders of the 6.50% Class J Preferred Shares.

“Common Share Price” shall mean: (i) if the consideration to be received in the Change of Control by the holders of Common Shares is solely cash, the amount of cash consideration per Common Share or (ii) if the consideration to be received in the Change of Control by holders of Common Shares is other than solely cash (x) the average of the closing sale prices per Common Share (or, if no closing sale price is reported, the average of the closing bid and ask prices per Common Share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per Common Share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred as reported on the principal U.S. securities exchange on which the Common Shares are then traded, or (y) the average of the last quoted bid prices for the Common Shares in the over-the-counter market as reported by Pink OTC Markets Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred, if the Common Shares are not then listed for trading on a U.S. securities exchange.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“NASDAQ” shall mean the NASDAQ Stock Market.

“NYSE” shall mean the New York Stock Exchange.

“NYSE MKT” shall mean the NYSE MKT (formerly known as the NYSE Amex Equities).

XI. *The Class K Cumulative Preferred Shares.* The Class K Shares shall have the following express terms:

Section 1. *Series.* The Class K Shares may be issued from time to time in one or more series. All Class K Shares shall be of equal rank and shall be identical, except in respect of the matters that may be fixed by the Board of Directors as hereinafter provided, and each share of a series shall be identical with all other shares of such series, except as to the dates from which dividends shall accrue and be cumulative. All Class K Shares shall rank on a parity with the Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares and Noncumulative Shares and shall be identical to all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares and Noncumulative Shares except (1) in respect of the matters that may be fixed by the Board of Directors as provided in clauses (a) through (i), inclusive, of this Section 1 and (2) only dividends on Cumulative Shares shall be cumulative as set forth herein. Subject to the provisions of Sections 2 through 5, both inclusive, and Item XIII of this Division, which provisions shall apply to all Class K Shares, the Board of Directors hereby is authorized to cause such shares to be issued in one or more series and, with respect to each such series to determine and fix prior to the issuance thereof (and thereafter, to the extent provided in clause (b) of this Section), the following:

- (a) The designation of the series, which may be by distinguishing number, letter or title;
- (b) The authorized number of shares of the series, which number the Board of Directors may (except where otherwise provided in the creation of the series) increase or decrease from time to time before or after the issuance thereof (but not below the number of shares thereof then outstanding);
- (c) The dividend rate or rates of the series, including the means by which such rates may be established;
- (d) The date or dates from which dividends shall accrue and be cumulative and the dates on which and the period or periods for which dividends, if declared, shall be payable, including the means by which such dates and periods may be established;
- (e) The redemption rights and price or prices, if any, for shares of the series;
- (f) The terms and amount of the sinking fund, if any, for the purchase or redemption of shares of the series;
- (g) The amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;
- (h) Whether the shares of the series shall be convertible into Common Shares or shares of any other class and, if so, the conversion rate or rates or price or prices, any adjustments thereof and all other terms and conditions upon which such conversion may be made; and
- (i) Restrictions (in addition to those set forth in Subsection 5(d) or 5(e) of this Item XI) on the issuance of shares of the same series or of any other class or series.

The Board of Directors is authorized to adopt from time to time amendments to the Amended and Restated Articles of Incorporation, as amended, fixing, with respect to each such series, the matters described in clauses (a) through (i), inclusive, of this Section and is authorized to take such actions with respect thereto as may be required by law in order to effect such amendments.

Section 2. *Dividends.*

(a) The holders of Class K Shares of each series, in preference to the holders of Common Shares and of any other class of shares ranking junior to the Class K Shares, shall be entitled to receive out of any funds legally available therefor, and when and as declared by the Board of Directors, dividends in cash at the rate or rates for such series fixed in accordance with the provisions of Section 1 above and no more, payable on the dates fixed for such series. Such dividends shall accrue and be cumulative, in the case of shares of each particular series, from and after the date or dates fixed with respect to such series. No dividends shall be paid upon or declared or set apart for any series of the Class K Shares for any dividend period unless at the same time (i) a like proportionate dividend for the dividend periods terminating on the same or any earlier date, ratably in proportion to the respective annual dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class K Shares of all series then issued and outstanding and entitled to receive such dividend and (ii) the dividends payable for the dividend periods terminating on the same or any earlier date (but, with respect to Noncumulative Shares, only with respect to the then current dividend period), ratably in proportion to the respective dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares and Noncumulative Shares then issued and outstanding and entitled to receive such dividends.

(b) So long as any Class K Shares shall be outstanding no dividend, except a dividend payable in Common Shares or other shares ranking junior to the Class K Shares, shall be paid or declared or any distribution be made, except as aforesaid, in respect of the Common Shares or any other shares ranking junior to the Class K Shares, nor shall any Common Shares or any other shares ranking junior to the Class K Shares be purchased, retired or otherwise acquired by the Corporation, except out of the proceeds of the sale of Common Shares or other shares of the Corporation ranking junior to the Class K Shares received by the Corporation subsequent to the date of first issuance of Class K Shares of any series, unless:

(1) All accrued and unpaid dividends on Cumulative Shares, including the full dividends for all current dividend periods, shall have been declared and paid or a sum sufficient for payment thereof set apart;

(2) All unpaid dividends on Noncumulative Shares for the then current dividend period shall have been declared and paid or a sum sufficient for payment therefor set apart; and

(3) There shall be no arrearages with respect to the redemption of Cumulative Shares or Noncumulative Shares of any series from any sinking fund provided for shares of such series in accordance with the provisions of Section 1 of this Item XI.

(c) The foregoing restrictions on the payment of dividends or other distributions on, or on the purchase, redemption retirement or other acquisition of, Common Shares or any other shares ranking on a parity with or junior to the Class K Shares shall be inapplicable to (i) any payments in lieu of issuance of fractional shares thereof, whether upon any merger, conversion, stock dividend or otherwise, (ii) the conversion of Cumulative Shares or Noncumulative Shares into Common Shares, or (iii) the exercise by the Corporation of its rights pursuant to Item XIV(d) of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized.

(d) If, for any taxable year, the Corporation elects to designate as "capital gain dividends" (as defined in Section 857 of the Code) any portion (the "Capital Gains Amount") of the dividends paid or made available for the year to holders of all classes of stock (the "Total Dividends"), then, to the extent permissible under the Code and to the extent it does not cause any dividends to fail to qualify for the dividends paid deduction under Section 561 of the Code, the portion of the Capital Gains Amount that shall be allocable to holders of the Class K Shares shall be the amount that the total dividends paid or made available to the holders of the Class K Shares for the year bears to the Total Dividends.

Section 3. *Redemption.*

(a) Subject to the express terms of each series, the Corporation:

(1) May, from time to time at the option of the Board of Directors, redeem all or any part of any redeemable series of Class K Shares at the time outstanding at the applicable redemption price for such series fixed in accordance with the provisions of Section 1 of this Item XI; and

(2) Shall, from time to time, make such redemptions of each series of Class K Shares as may be required to fulfill the requirements of any sinking fund provided for shares of such series at the applicable sinking fund redemption price fixed in accordance with the provisions of Section 1 of this Item XI; and shall in each case pay all accrued and unpaid dividends to the redemption date.

(b) (1) Notice of every such redemption shall be mailed, postage prepaid, to the holders of record of the Class K Shares to be redeemed at their respective addresses then appearing on the books of the Corporation, not less than 30 days nor more than 60 days prior to the date fixed for such redemption, or such other time prior thereto as the Board of Directors shall fix for any series pursuant to Section 1 of this Item XI prior to the issuance thereof. At any time after notice as provided above has been deposited in the mail, the Corporation may deposit the aggregate redemption price of Class K Shares to be redeemed, together with accrued and unpaid dividends thereon to the redemption date, with any bank or trust company in Cleveland, Ohio, or New York, New York, having capital and surplus of not less than \$100,000,000 named in such notice and direct that there be paid to the respective holders of the Class K Shares so to be redeemed amounts equal to the redemption price of the Class K Shares so to be redeemed, together with such accrued and unpaid dividends thereon, on surrender of the share certificate or certificates held by such holders; and upon the deposit of such notice in the mail and the making of such deposit of money with such bank or trust company, such holders shall cease to be shareholders with respect to such shares; and from and after the time such notice shall have been so deposited and such deposit of money shall have been so made, such holders shall have no rights or claim against the Corporation with respect to such shares, except only the right to receive such money from such bank or trust company without interest or to exercise before the redemption date any unexpired privileges of conversion. In the event less than all of the outstanding Class K Shares are to be redeemed, the Corporation shall select by lot the shares so to be redeemed in such manner as shall be prescribed by the Board of Directors.

(2) If the holders of Class K Shares which have been called for redemption shall not within six years after such deposit claim the amount deposited for the redemption thereof, any such bank or trust company shall, upon demand, pay over to the Corporation such unclaimed amounts and thereupon such bank or trust company and the Corporation shall be relieved of all responsibility in respect thereof and to such holders.

(c) Any Class K Shares which are (1) redeemed by the Corporation pursuant to the provisions of this Section, (2) purchased and delivered in satisfaction of any sinking fund requirements provided for shares of such series, (3) converted in accordance with the express terms thereof, or (4) otherwise acquired by the Corporation shall resume the status of authorized but unissued Class K Shares without serial designation.

(d) Except in connection with the exercise of the Corporation's rights pursuant to Section (d) of Item XIV of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized, the Corporation may not purchase or redeem (for sinking fund purposes or otherwise) less than all of the Class K Shares then outstanding except in accordance with a stock purchase offer made to all holders of record of Class K Shares, unless all dividends on all Class K Shares then outstanding for all previous and current dividend periods shall have been declared and paid or funds therefor set apart and all accrued sinking fund obligations applicable thereto shall have been complied with.

Section 4. *Liquidation.*

(a) (1) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of Class K Shares of any series shall be entitled to receive in full out of the assets of the Corporation, including its capital, before any amount shall be paid or distributed among the holders of the Common Shares or any other shares ranking junior to the Class K Shares, the amounts fixed with respect to shares of such series in accordance with Section 1 of this Item XI, plus an amount equal to all dividends accrued and unpaid thereon to the date of payment of the amount due pursuant to such liquidation, dissolution or winding up of the affairs of the Corporation. In the event the net assets of the Corporation legally available therefor are insufficient to permit the payment upon all outstanding Cumulative Shares and Noncumulative Shares of the full preferential amount to which they are respectively entitled, then such net assets shall be distributed ratably upon all outstanding Cumulative Shares and Noncumulative Shares in proportion to the full preferential amount to which each such share is entitled.

(2) After payment to the holders of Class K Shares of the full preferential amounts as aforesaid, the holders of Class K Shares, as such, shall have no right or claim to any of the remaining assets of the Corporation.

(b) The merger or consolidation of the Corporation into or with any other Corporation, the merger of any other Corporation into it, or the sale, lease or conveyance of all or substantially all the assets of the Corporation shall not be deemed to be a dissolution, liquidation or winding up for the purposes of this Section.

Section 5. *Voting.*

(a) The holders of Class K Shares shall have no voting rights, except as provided in this Section or required by law.

(b) (1) If, and so often as, the Corporation shall be in default in the payment of dividends on any series of Class K Shares at the time outstanding, whether or not earned or declared, for a number of dividend payment periods, whether consecutive or not, which in the aggregate contain at least 540 days, all holders of such Class K Shares, voting separately as a class, together with all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares and Noncumulative Shares upon which like voting rights have been conferred and are exercisable under the circumstances described in Subsection 5(c), shall be entitled to elect, as herein provided, a total of two members of the Board of Directors of the Corporation; provided, however, that the holders of such Class K Shares shall not exercise such special class voting rights except at meetings of such shareholders for the election of directors at which the holders of not less than 50% of such Class K Shares are present in person or by proxy; and provided further that the special class voting rights provided for in this paragraph when the same shall have become vested shall remain so vested until all accrued and unpaid dividends on such Class K Shares then outstanding shall have been paid or declared and a sum sufficient for the payment thereof set aside for payment, whereupon the holders of such Class K Shares shall be divested of their special class voting rights in respect of subsequent elections of directors, subject to the revesting of such special class voting rights in the event above specified in this paragraph. All dividend payments made on the Class K Shares, at any time during which the Corporation is in default in the payment of dividends on such Class K Shares for any dividend period, shall be deemed to be made in respect of the earliest dividend period with respect to which the Corporation is in default.

(2) In the event of default entitling holders of Class K Shares to elect two directors as specified in paragraph (1) of this Subsection, a special meeting of such holders for the purpose of electing such directors shall be called by the

Secretary of the Corporation upon written request of, or may be called by, the holders of record of at least 10% of the Class K Shares upon which such default in the payment of dividends exists and notice thereof shall be given in the same manner as that required for the annual meeting of shareholders; provided, however, that the Corporation shall not be required to call such special meeting if the annual meeting of shareholders shall be called to be held within 90 days after the date of receipt of the foregoing written request from the holders of Class K Shares. At any meeting at which such holders of Class K Shares shall be entitled to elect directors, holders of 50% of such Class K Shares, present in person or by proxy, shall be sufficient to constitute a quorum, and the vote of the holders of a majority of such shares so present at any such meeting at which there shall be such a quorum shall be sufficient to elect the members of the Board of Directors which such holders of Class K Shares are entitled to elect as herein provided. Notwithstanding any provision of these Amended and Restated Articles of Incorporation, as amended, or the Code of Regulations of the Corporation or any action taken by the holders of any class of shares fixing the number of directors of the Corporation, the two directors who may be elected by such holders of Class K Shares pursuant to this Subsection shall serve in addition to any other directors then in office or proposed to be elected otherwise than pursuant to this Subsection. Nothing in this Subsection shall prevent any change otherwise permitted in the total number of or classifications of directors of the Corporation or require the resignation of any director elected otherwise than pursuant to this Subsection. Notwithstanding any classification of the other directors of the Corporation, the two directors elected by such holders of Class K Shares shall be elected annually for terms expiring at the next succeeding annual meeting of shareholders.

(3) Upon any divesting of the special class voting rights of the holders of the Class K Shares in respect of elections of directors as provided in this Subsection, the terms of office of all directors then in office elected by such holders shall terminate immediately thereupon. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, removal from office or otherwise, the remaining director elected by such holders voting as a class may elect a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) If at any time when the holders of Class K Shares are entitled to elect directors pursuant to the foregoing provisions of this Section the holders of any Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares or Noncumulative Shares are entitled to elect directors pursuant hereto by reason of any default in the payment of dividends thereon, then the voting rights of the Cumulative Shares and the Noncumulative Shares then entitled to vote shall be combined (with each class of shares having a number of votes proportional to the aggregate liquidation preference of its outstanding shares). In such case, the holders of Class K Shares and of all such other shares then entitled so to vote, voting as a class, shall elect such directors. If the holders of any such other shares have elected such directors prior to the happening of the default or event permitting the holders of Class K Shares to elect directors, or prior to a written request for the holding of a special meeting being received by the Secretary of the Corporation as required above, then a new election shall be held with all such other shares and the Class K Shares voting together as a single class for such directors, resulting in the termination of the term of such previously elected directors upon the election of such new directors.

(d) The affirmative vote of the holders of at least two-thirds of the Class K Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose, shall be necessary to effect either of the following:

(1) Any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of Class K Shares which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class K Shares or of any shares ranking on a parity with or junior to the Class K Shares nor the amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially preferences or voting or other rights of the holders of Class K Shares; or

(2) The authorization, creation or increase in the authorized number of any shares, or any security convertible into shares, in either case ranking prior to such series of Class K Shares.

(e) In the event, and only to the extent, that (1) Class K Shares are issued in more than one series and (2) Ohio law permits the holders of a series of a class of capital stock to vote separately as a class, the affirmative vote of the holders of at least two-thirds of each series of Class K Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose of voting on such matters, shall be required for any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of these Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of such series which are set forth in

these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Class K Shares or of any shares ranking on a parity with or junior to the Class K Shares nor the Amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially the preferences or voting or other rights of the holders of such series.

Section 6. *6.250% Class K Cumulative Redeemable Preferred Shares.* Of the 750,000 authorized Class K Shares, 345,000 shares are designated as a series entitled "6.250% Class K Cumulative Redeemable Preferred Shares" (hereinafter called "6.250% Class K Preferred Shares"). The 6.250% Class K Preferred Shares shall have the express terms set forth in this Division as being applicable to all Class K Shares as a class and, in addition, the following express terms applicable to all 6.250% Class K Preferred Shares as a series of Class K Shares:

(a) The annual dividend rate of the 6.250% Class K Preferred Shares shall be 6.250% of the liquidation preference of \$500.00 per share.

(b) Dividends on the 6.250% Class K Preferred Shares shall be payable, if declared, quarterly in arrears on the fifteenth day of each January, April, July and October or, if not a Business Day (as defined in clause (h) of this Section 6), the next succeeding Business Day (each a "Dividend Payment Date"), the first quarterly dividend being payable, if declared, on July 15, 2013 (the "First Dividend Payment Date"). The dividends payable for each full quarterly dividend period on each 6.250% Class K Preferred Share shall be \$7.8125.

Dividends for the initial dividend period on the 6.250% Class K Preferred Shares, or for any period shorter or longer than a full dividend period on the 6.250% Class K Preferred Shares, shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The aggregate dividend payable quarterly to each holder of 6.250% Class K Preferred Shares shall be rounded to the nearest one-hundredth of one cent with \$.00005 being rounded upward. Each dividend shall be payable to the holders of record as of the close of business on the applicable record date, which shall be the first day of the calendar month in which the applicable Dividend Payment Date falls or on such other date as shall be fixed by the Corporation's Board of Directors that is no less than ten nor more than 30 days preceding the applicable Dividend Payment Date (the "Dividend Record Date"), in each case whether or not such day is a Business Day.

(c) Dividends on 6.250% Class K Preferred Shares shall be cumulative as follows:

(1) with respect to shares included in the initial issue of 6.250% Class K Preferred Shares and shares issued any time thereafter up to and including the Dividend Record Date for the First Dividend Payment Date, dividends shall be cumulative from the date of the initial issue of 6.250% Class K Preferred Shares; and

(2) with respect to shares issued any time after the aforesaid Dividend Record Date, dividends shall be cumulative from the Dividend Payment Date next preceding the date of issue of such shares, except that if such shares are issued during the period commencing the day after the Dividend Record Date for the payment of a dividend on 6.250% Class K Preferred Shares and ending on the Dividend Payment Date of that dividend, dividends with respect to such shares shall be cumulative from that Dividend Payment Date.

Accrued but unpaid dividends on 6.250% Class K Preferred Shares shall not bear interest. Any dividend payment made on the 6.250% Class K Preferred Shares shall first be credited against the earliest accrued but unpaid dividend due with respect to such shares which remains payable.

(d) Except as required to preserve the Corporation's status as a real estate investment trust under the Internal Revenue Code of 1986, as amended, and except pursuant to the Special Optional Redemption Right (as defined in this Section 6(d)), the 6.250% Class K Preferred Shares may not be redeemed prior to April 9, 2018.

At any time or from time to time on and after April 9, 2018, the Corporation, at its option upon not less than 30 nor more than 60 days' written notice, may redeem the 6.250% Class K Preferred Shares, in whole or in part, at a redemption price of \$500.00 per share plus, in each case, an amount equal to all dividends accrued and unpaid thereon to, but not including, the redemption date, without interest (the "Optional Redemption Right"). Upon the occurrence of a Change of Control (as defined in clause (h) of this Section 6), the Corporation, at its option upon not less than 30 nor more than 60 days' written notice, may redeem the 6.250% Class K Preferred Shares, in whole or in part, within 120 days after the first date on which such Change of Control occurred, at a redemption price of \$500.00 per share plus, in each case, an amount equal to all dividends accrued and unpaid thereon to, but not including, the redemption date, without interest (the "Special Optional Redemption Right").

If, prior to the Change of Control Conversion Date (as defined in clause (h) of this Section 6), the Corporation has provided or provides notice of its exercise of any of its redemption rights with respect to the 6.250% Class K Preferred Shares (whether pursuant to the Optional Redemption Right or the Special Optional Redemption Right), the holders of 6.250% Class K Preferred Shares will not have the Change of Control Conversion Right (as defined in clause (e) of this Section 6) in respect of the 6.250% Class K Preferred Shares called for redemption.

If less than all of the outstanding 6.250% Class K Preferred Shares are to be redeemed, the 6.250% Class K Preferred Shares to be redeemed shall be selected pro rata (as nearly as may be practicable without creating fractional shares), or by any other equitable method determined by the Corporation that will not result in the issuance of any 6.250% Class K Preferred Shares in excess of the Ownership Limit (as defined in Section (a) of Item XIV of this Division A of this Article FOURTH).

Notice of redemption shall be mailed, postage prepaid, as of a date set by the Corporation not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the 6.250% Class K Preferred Shares to be redeemed at their respective addresses then appearing on the books of the Corporation.

(1) No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the redemption of any 6.250% Class K Preferred Shares except as to the holder to whom such notice was defective or not given.

(2) A redemption notice which has been mailed in the manner provided herein shall be conclusively presumed to have been duly given on the date mailed whether or not the holder received the redemption notice.

In addition to any information required by the applicable rules of any securities exchange upon which the 6.250% Class K Preferred Shares may be listed or admitted to trading, each such notice shall state (i) the redemption date; (ii) the redemption price; (iii) the number of 6.250% Class K Preferred Shares to be redeemed; (iv) the place or places where certificates, if any, for the 6.250% Class K Preferred Shares to be redeemed are to be surrendered for payment of the redemption price; and (v) that dividends in respect of the 6.250% Class K Preferred Shares to be redeemed will cease to accrue on such redemption date. If less than all of the 6.250% Class K Preferred Shares held by any holder are to be redeemed, the notice shall state the number of such 6.250% Class K Preferred Shares held by such holder to be so redeemed.

(3) In the event the Corporation is exercising the Special Optional Redemption Right, the notice referred to above shall also state: (i) that the 6.250% Class K Preferred Shares are being redeemed pursuant to the Special Optional Redemption Right in connection with the occurrence of a Change of Control and a brief description of the transaction(s) constituting such Change of Control; and (ii) that the 6.250% Class K Preferred Shares to which such notice relates may not be tendered for conversion in connection with the Change of Control by the holder thereof and that each 6.250% Class K Preferred Share so tendered for conversion that is selected, prior to the Change of Control Conversion Date, for redemption will be redeemed on the related redemption date instead of converted on the Change of Control Conversion Date.

Anything herein to the contrary notwithstanding and except as otherwise required by law, the holders of 6.250% Class K Preferred Shares at the close of business on a Dividend Record Date will be entitled to receive the dividend payable with respect to their 6.250% Class K Preferred Shares on the corresponding Dividend Payment Date notwithstanding the redemption thereof after such Dividend Record Date and on or prior to such Dividend Payment Date or the Corporation's default in the payment of the dividend due on such Dividend Payment Date. Except as provided in this Section 6, the Corporation will make no payment or allowance for unpaid dividends, whether or not in arrears, on 6.250% Class K Preferred Shares called for redemption.

(e) 6.250% Class K Preferred Shares shall not be convertible into or exchangeable for any other property or securities of the Corporation, except as provided in this Section 6(e) and/or except in connection with the exercise of the Corporation's rights pursuant to Section (d) of Item XIV of this Division A of this Article FOURTH, Section 4(d) of Division B of this Article FOURTH, or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended.

Upon the occurrence of a Change of Control, each holder of 6.250% Class K Preferred Shares shall have the right, unless, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem the 6.250% Class K Preferred Shares pursuant to the Optional Redemption Right or Special Optional Redemption Right, to convert some or all of the 6.250% Class K Preferred Shares held by such holder (the "Change of Control Conversion Right") on the Change of Control Conversion Date into a number of Common Shares (or equivalent value of Alternative Conversion Consideration (as defined in this Section 6(e)) per 6.250% Class K Preferred Share to be

converted (the "Common Shares Conversion Consideration") equal to the lesser of (i) the quotient obtained by dividing (1) the sum of \$500.00 per share plus the amount of any accrued and unpaid dividends to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a Dividend Record Date and prior to the corresponding Dividend Payment Date, in which case no additional amount for such accrued and unpaid dividends will be included in this sum) by (2) the Common Share Price (as defined in clause (h) of this Section 6); and (ii) 57.1102 (the "Share Cap"), subject to the adjustments described in the following paragraph.

Anything herein to the contrary notwithstanding and except as otherwise required by law, the persons who are holders of record of 6.250% Class K Preferred Shares at the close of business on a Dividend Record Date will be entitled to receive the dividend payable on the corresponding Dividend Payment Date notwithstanding the conversion of those shares after such Dividend Record Date and on or prior to such Dividend Payment Date and, in such case, the full amount of such dividend shall be paid on such Dividend Payment Date to the persons who were the holders of record of 6.250% Class K Preferred Shares at the close of business on such Dividend Record Date.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of Common Shares), subdivisions or combinations (in each case, a "Share Split") with respect to Common Shares as follows: the adjusted Share Cap as the result of a Share Split will be the number of Common Shares that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of Common Shares outstanding after giving effect to such Share Split and the denominator of which is the number of Common Shares outstanding immediately prior to such Share Split.

For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of Common Shares (or equivalent Alternative Conversion Consideration, as applicable) issuable in connection with the exercise of the Change of Control Conversion Right shall not exceed 17,133,000 Common Shares (or equivalent Alternative Conversion Consideration, as applicable), subject to increase to the extent the underwriters' over-allotment option to purchase additional 6.250% Class K Preferred Shares in the initial public offering of 6.250% Class K Preferred Shares is exercised, not to exceed 19,702,950 Common Shares in total (or equivalent Alternative Conversion Consideration, as applicable) (the "Exchange Cap"). The Exchange Cap is subject to pro rata adjustments for any Share Splits on the same basis as the corresponding adjustment to the Share Cap and is subject to increase in the event that additional 6.250% Class K Preferred Shares are designated and issued in the future pursuant to an amendment to these Amended and Restated Articles of Incorporation, as amended.

In the case of a Change of Control pursuant to which Common Shares will be converted into cash, securities or other property or assets (including any combination thereof) (the "Alternative Form Consideration"), a holder of 6.250% Class K Preferred Shares will receive upon conversion of such 6.250% Class K Preferred Shares the kind and amount of Alternative Form Consideration that such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of Common Shares equal to the Common Shares Conversion Consideration immediately prior to the effective time of the Change of Control (the "Alternative Conversion Consideration"; the Common Shares Conversion Consideration or the Alternative Conversion Consideration, as may be applicable to a Change of Control, is referred to as the "Conversion Consideration").

If the holders of Common Shares have the opportunity to elect the form of consideration to be received in the Change of Control, the consideration that the holders of the 6.250% Class K Preferred Shares will receive will be in the form and proportion of the aggregate consideration elected by the holders of Common Shares who participate in the determination (based on the weighted average of elections) and will be subject to any limitations to which all holders of Common Shares are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in the Change of Control.

No fractional Common Shares will be issued upon the conversion of the 6.250% Class K Preferred Shares. In lieu of fractional shares, holders shall be entitled to receive the cash value of such fractional shares based on the Common Share Price.

Within 15 days following the occurrence of a Change of Control, the Corporation shall deliver a notice of occurrence of the Change of Control, describing the resulting Change of Control Conversion Right, to the holders of record of the 6.250% Class K Preferred Shares at their respective addresses then appearing on the books of the Corporation.

(1) No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the conversion of any 6.250% Class K Preferred Shares except as to the holder to whom notice was defective or not given.

(2) Each such notice shall state (i) the events constituting the Change of Control; (ii) the date of the Change of Control; (iii) the last date on which the holders of the 6.250% Class K Preferred Shares may exercise their Change of Control Conversion Right; (iv) the method and period for calculating the Common Share Price; (v) the Change of Control Conversion Date; (vi) that if, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem all or any portion of the 6.250% Class K Preferred Shares, holders of such shares will not be able to convert such shares and such shares will be redeemed on the related redemption date, even if such shares have already been tendered for conversion pursuant to the Change of Control Conversion Right; (vii) if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per 6.250% Class K Preferred Share; (viii) the name and address of the paying agent and the conversion agent; (ix) the procedures that the holders of the 6.250% Class K Preferred Shares must follow to exercise the Change of Control Conversion Right; and (x) the last date on which the holders of the 6.250% Class K Preferred Shares may withdraw shares surrendered for conversion and the procedures that such holders must follow to effect such a withdrawal.

The Corporation shall issue a press release for publication on the Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), or post notice on the Corporation's website, in any event prior to the opening of business on the first Business Day following any date on which the Corporation provides the Change of Control notice described above to the holders of the 6.250% Class K Preferred Shares.

In order to exercise the Change of Control Conversion Right, a holder of 6.250% Class K Preferred Shares shall be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates, if any, evidencing the 6.250% Class K Preferred Shares to be converted, duly endorsed for transfer, together with a written conversion notice completed, to the Corporation's transfer agent.

(1) Such notice shall state (i) the relevant Change of Control Conversion Date; (ii) the number of 6.250% Class K Preferred Shares to be converted; and (iii) that the 6.250% Class K Preferred Shares are to be converted pursuant to the applicable provisions of the 6.250% Class K Preferred Shares.

(2) Notwithstanding the foregoing, if the 6.250% Class K Preferred Shares are held in global form, such notice shall comply with applicable procedures of The Depository Trust Company or any other organization acting as depository for the 6.250% Class K Preferred Shares (the "Depository").

Holders of 6.250% Class K Preferred Shares may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to the Corporation's transfer agent prior to the close of business on the Business Day prior to the Change of Control Conversion Date.

(1) The notice of withdrawal must state: (i) the number of withdrawn 6.250% Class K Preferred Shares; (ii) if certificated 6.250% Class K Preferred Shares have been issued, the certificate numbers of the withdrawn 6.250% Class K Preferred Shares; and (iii) the number of 6.250% Class K Preferred Shares, if any, which remain subject to the conversion notice.

(2) Notwithstanding the foregoing, if the 6.250% Class K Preferred Shares are held in global form, such notice of withdrawal shall comply with applicable procedures of the Depository.

6.250% Class K Preferred Shares as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn shall be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless, prior to the Change of Control Conversion Date, the Corporation has provided or provides notice of its election to redeem such 6.250% Class K Preferred Shares, whether pursuant to the Optional Redemption Right or Special Optional Redemption Right. If the Corporation elects to redeem 6.250% Class K Preferred Shares that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such 6.250% Class K Preferred Shares shall not be so converted and the holders of such shares shall be entitled to receive on the applicable redemption date \$500.00 per share, plus accrued and unpaid dividends to, but not including, the redemption date.

The Corporation shall deliver the applicable Conversion Consideration to the applicable holders of 6.250% Class K Preferred Shares no later than the third Business Day following the Change of Control Conversion Date.

Notwithstanding anything to the contrary contained herein, no holder of 6.250% Class K Preferred Shares will be entitled to convert such shares to the extent that receipt of Common Shares upon conversion of the 6.250% Class K Preferred Shares would cause such holder (or any other person) to exceed either of the ownership limits described in

Section (a) of Item XIV of this Division A of this Article FOURTH and Section 4(a) of Division B of this Article FOURTH, unless the Corporation provides an exemption from such ownership limits for such holder.

Notwithstanding the foregoing restrictions on the ability to convert the 6.250% Class K Preferred Shares, any conversion of 6.250% Class K Preferred Shares in violation of the ownership limits described in Section (a) of Item XIV of this Division A of this Article FOURTH and Section 4(a) of Division B of this Article FOURTH, or that causes another person to be in violation of such ownership limits, including as a result of the effect of the operation of this provision, shall be construed as causing any 6.250% Class K Preferred Shares that exceed such ownership limits to be deemed Excess Preferred Shares and subject to the provisions applicable to Excess Preferred Shares set forth in these Amended and Restated Articles of Incorporation, as amended.

(f) The amount payable per 6.250% Class K Preferred Share in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation shall be \$500.00, plus an amount equal to all dividends accrued and unpaid thereon to, but not including, the date of payment.

(g) All dividend payments made on the 6.250% Class K Preferred Shares, at any time during which the Corporation is in default in the payment of dividends on such 6.250% Class K Preferred Shares for any dividend period, shall, for the purposes of Section 5(b)(1) of this Item X, be deemed to be made in respect of the earliest dividend period with respect to which the Corporation is in default.

(h) *Definitions.* For the purposes of this Section 6 of Item X of Division A of this Article FOURTH, the following terms shall have the following meanings:

“Business Day” shall mean any day other than a Saturday, Sunday or a day on which banking institutions in The City of New York, New York are authorized or required by law, regulation or executive order to close.

“Change of Control” is when, after the original issuance of the 6.250% Class K Preferred Shares, the following have occurred and are continuing:

(i) the acquisition by any person, including any syndicate or group deemed to be a “person” under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of shares of the Corporation entitling that person to exercise more than 50% of the total voting power of all shares of the Corporation entitled to vote generally in elections of directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

(ii) following the closing of any transaction referred to in the foregoing clause (i), neither the Corporation nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE MKT or NASDAQ, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or NASDAQ.

“Change of Control Conversion Date” shall mean the date the 6.250% Class K Preferred Shares are to be converted which shall be a Business Day that is no fewer than 20 days nor more than 35 days after the date on which the Corporation provides notice of the occurrence of a Change of Control (as provided for in clause (e) of this Section 6) to the holders of the 6.250% Class K Preferred Shares.

“Common Share Price” shall mean: (i) if the consideration to be received in the Change of Control by the holders of Common Shares is solely cash, the amount of cash consideration per Common Share or (ii) if the consideration to be received in the Change of Control by holders of Common Shares is other than solely cash (x) the average of the closing sale prices per Common Share (or, if no closing sale price is reported, the average of the closing bid and ask prices per Common Share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per Common Share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred as reported on the principal U.S. securities exchange on which the Common Shares are then traded, or (y) the average of the last quoted bid prices for the Common Shares in the over-the-counter market as reported by OTC Markets Group Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred, if the Common Shares are not then listed for trading on a U.S. securities exchange.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“NASDAQ” shall mean the NASDAQ Stock Market.

“NYSE” shall mean the New York Stock Exchange.

“NYSE MKT” shall mean the NYSE MKT (formerly known as the NYSE Amex Equities).

XII. *The Noncumulative Preferred Shares.* The Noncumulative Preferred Shares shall have the following express terms:

Section 1. *Series.* The Noncumulative Shares may be issued from time to time in one or more series. All Noncumulative Shares shall be of equal rank and shall be identical, except in respect of the matters that may be fixed by the Board of Directors as hereinafter provided, and each share of a series shall be identical with all other shares of such series, except as to the dates on which and the periods for which dividends may be payable. All Noncumulative Shares shall rank on a parity with the Cumulative Shares, and shall be identical to all Cumulative Shares, except (1) in respect of the matters that may be fixed by the Board of Directors as provided in clauses (a) through (i), inclusive, of this Section 1 and (2) only dividends on the Noncumulative Shares are noncumulative as set forth herein. Subject to the provisions of Sections 2 through 5, inclusive, and Item XIII of this Division, which provisions shall apply to all Noncumulative Shares, the Board of Directors hereby is authorized to cause such shares to be issued in one or more series, and with respect to each such series, to determine and fix prior to the issuance thereof (and thereafter, to the extent provided in clause (b) of this Section) the following:

- (a) The designation of the series, which may be by distinguishing number, letter or title;
- (b) The authorized number of shares of the series, which number the Board of Directors may (except where otherwise provided in the creation of the series) increase or decrease from time to time before or after the issuance thereof (but not below the number of shares thereof then outstanding);
- (c) The dividend rate or rates of the series, including the means by which such rates may be established;
- (d) The dates on which and the period or periods for which dividends, if declared, shall be payable, including the means by which such dates and periods may be established;
- (e) The redemption rights and price or prices, if any, for shares of the series;
- (f) The terms and amount of the sinking fund, if any, for the purchase or redemption of shares of the series;
- (g) The amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;
- (h) Whether the shares of the series shall be convertible into Common Shares or shares of any other class and, if so, the conversion rate or rates or price or prices, any adjustments thereof and all other terms and conditions upon which such conversion may be made; and
- (i) Restrictions (in addition to those set forth in Subsection 5(d) or 5(e) of this Item XII) on the issuance of shares of the same series or of any other class or series.

The Board of Directors is authorized to adopt from time to time amendments to the Amended and Restated Articles of Incorporation, as amended, fixing, with respect to each such series, the matters described in clauses (a) through (i), both inclusive, of this Section and is authorized to take such actions with respect thereto as may be required by law in order to effect such amendments.

Section 2. *Dividends.*

(a) The holders of Noncumulative Shares of each series, in preference to the holders of Common Shares and of any other class of shares ranking junior to the Noncumulative Shares, shall be entitled to receive out of any funds legally available therefor, if, when and as declared by the Board of Directors, dividends in cash at the rate or rates for such series fixed in accordance with the provisions of Section 1 above and no more, payable on the dates fixed for such series. Such dividends shall accrue, in the case of shares of each particular series, from and after the date or dates fixed with respect to such series; provided, however, that if the Board of Directors fails to declare a dividend payable on a dividend payment date on any Noncumulative Shares, the holders of the Noncumulative Shares shall have no right to receive a dividend in respect of the dividend period ending on such dividend payment date, and the Corporation shall have no obligation to pay the dividend accrued for such period, whether or not dividends on such Noncumulative Shares are declared payable on any future dividend payment date. No dividends shall be paid upon or declared or set apart for any series of the Noncumulative Shares for any dividend period unless at the same time (i) a like proportionate dividend for the then current dividend period, ratably in proportion to the respective annual dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Noncumulative Shares of all series then issued and outstanding and entitled to receive such dividend and (ii) the dividends payable for the dividend periods terminating on the same or any earlier date, ratably in proportion to the respective dividend rates fixed therefor, shall have been paid upon or declared or set apart for all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H

Shares, Class I Shares, Class J Shares and Class K Shares then issued and outstanding and entitled to receive such dividends.

(b) So long as any Noncumulative Shares shall be outstanding no dividend, except a dividend payable in Common Shares or other shares ranking junior to the Noncumulative Shares, shall be paid or declared or any distribution be made, except as aforesaid, in respect of the Common Shares or any other shares ranking junior to the Noncumulative Shares, nor shall any Common Shares or any other shares ranking junior to the Noncumulative Shares be purchased, retired or otherwise acquired by the Corporation, except out of the proceeds of the sale of Common Shares or other shares of the Corporation ranking junior to the Noncumulative Shares received by the Corporation subsequent to the date of first issuance of Noncumulative Shares of any series, unless:

(1) All accrued and unpaid dividends on Cumulative Shares, including the full dividends for all current dividend periods, shall have been declared and paid or a sum sufficient for payment thereof set apart;

(2) All unpaid dividends on Noncumulative Shares for the then current dividend period shall have been declared and paid or a sum sufficient for payment thereof set apart; and

(3) There shall be no arrearages with respect to the redemption of Cumulative Shares or Noncumulative Shares of any series from any sinking fund provided for shares of such series in accordance with the provisions of Section 1 of this Item XII.

(c) The foregoing restrictions on the payment of dividends or other distributions on, or on the purchase, redemption retirement or other acquisition of, Common Shares or any other shares ranking on a parity with or junior to the Noncumulative Shares shall be inapplicable to (i) any payments in lieu of issuance of fractional shares thereof, whether upon any merger, conversion, stock dividend or otherwise, (ii) the conversion of Cumulative Shares or Noncumulative Shares into Common Shares or (iii) the exercise by the Corporation of its rights pursuant to Item XIV(d) of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation with respect to any other class or series of capital stock hereafter created or authorized.

(d) If, for any taxable year, the Corporation elects to designate as "capital gain dividends" (as defined in Section 857 of the Code) any portion (the "Capital Gains Amount") of the dividends paid or made available for the year to holders of all classes of stock (the "Total Dividends"), then, to the extent permissible under the Code and to the extent it does not cause any dividends to fail to qualify for the dividends paid deduction under Section 561 of the Code, the portion of the Capital Gains Amount that shall be allocable to holders of the Noncumulative Shares shall be the amount that the total dividends paid or made available to the holders of the Noncumulative Shares for the year bears to the Total Dividends.

Section 3. *Redemption.*

(a) Subject to the express terms of each series, the Corporation:

(1) May, from time to time at the option of the Board of Directors, redeem all or any part of any redeemable series of Noncumulative Shares at the time outstanding at the applicable redemption price for such series fixed in accordance with the provisions of Section 1 of this Item XII; and

(2) Shall, from time to time, make such redemptions of each series of Noncumulative Shares as may be required to fulfill the requirements of any sinking fund provided for shares of such series at the applicable sinking fund redemption price fixed in accordance with the provisions of Section 1 of this Item XII; and shall, in each case, pay all unpaid dividends for the then current dividend period to the redemption date.

(b) (1) Notice of every such redemption shall be mailed, postage prepaid, to the holders of record of the Noncumulative Shares to be redeemed at their respective addresses then appearing on the books of the Corporation, not less than 30 days nor more than 60 days prior to the date fixed for such redemption, or such other time prior thereto as the Board of Directors shall fix for any series pursuant to Section 1 of this Item XII prior to the issuance thereof. At any time after notice as provided above has been deposited in the mail, the Corporation may deposit the aggregate redemption price of Noncumulative Shares to be redeemed, together with accrued and unpaid dividends thereon for the then current dividend period to the redemption date, with any bank or trust company in Cleveland, Ohio, or New York, New York, having capital and surplus of not less than \$100,000,000 named in such notice and direct that there be paid to the respective holders of the Noncumulative Shares so to be redeemed amounts equal to the redemption price of the Noncumulative Shares so to be redeemed together with such accrued and unpaid dividends thereon for the then current dividend period, on surrender of the share certificate or certificates held by such holders; and upon the deposit of such notice in the mail and the making of such deposit of money with such bank or trust company, such holders shall cease to be shareholders with respect to such shares; and from and after the time such notice shall have been so deposited and such deposit of money shall have been so made, such holders shall have no rights or claim against the Corporation with respect to such shares, except only the right to receive such money from such bank or trust company without interest or to

exercise before the redemption date any unexpired privileges of conversion. In the event less than all of the outstanding Noncumulative Shares are to be redeemed, the Corporation shall select by lot the shares so to be redeemed in such manner as shall be prescribed by the Board of Directors.

(2) If the holders of Noncumulative Shares which have been called for redemption shall not within six years after such deposit claim the amount deposited for the redemption thereof, any such bank or trust company shall, upon demand, pay over to the Corporation such unclaimed amounts and thereupon such bank or trust company and the Corporation shall be relieved of all responsibility in respect thereof and to such holders.

(c) Any Noncumulative Shares which are (1) redeemed by the Corporation pursuant to the provisions of this Section, (2) purchased and delivered in satisfaction of any sinking fund requirements provided for shares of such series, (3) converted in accordance with the express terms thereof, or (4) otherwise acquired by the Corporation shall resume the status of authorized but unissued Noncumulative Shares without serial designation.

(d) Except in connection with the exercise of the Corporation's rights pursuant to Section (d) of Item XIV of this Division A, Section 4(d) of Division B or any similar Section hereafter contained in these Amended and Restated Articles of Incorporation, as amended, with respect to any other class or series of capital stock hereafter created or authorized, the Corporation may not purchase or redeem (for sinking fund purposes or otherwise) of less than all of the Noncumulative Shares then outstanding except in accordance with a stock purchase offer made to all holders of record of Noncumulative Shares, unless all dividends on all Noncumulative Shares then outstanding for the then current dividend period shall have been declared and paid or funds therefor set apart and all accrued sinking fund obligations applicable thereto shall have been complied with.

Section 4. *Liquidation.*

(a) (1) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of Noncumulative Shares of any series shall be entitled to receive in full out of the assets of the Corporation, including its capital, before any amount shall be paid or distributed among the holders of the Common Shares or any other shares ranking junior to the Noncumulative Shares, the amounts fixed with respect to shares of such series in accordance with Section 1 of this Item XII, plus an amount equal to all dividends accrued and unpaid thereon for the then current dividend period to the date of payment of the amount due pursuant to such liquidation, dissolution or winding up of the affairs of the Corporation. In the event the net assets of the Corporation legally available therefor are insufficient to permit the payment upon all outstanding Cumulative Shares and Noncumulative Shares of the full preferential amount to which they are respectively entitled, then such net assets shall be distributed ratably upon all outstanding Noncumulative Shares in proportion to the full preferential amount to which each such share is entitled.

(2) After payment to the holders of Noncumulative Shares of the full preferential amounts as aforesaid, the holders of Noncumulative Shares, as such, shall have no right or claim to any of the remaining assets of the Corporation.

(b) The merger or consolidation of the Corporation into or with any other Corporation, the merger of any other Corporation into it, or the sale, lease or conveyance of all or substantially all the assets of the Corporation shall not be deemed to be a dissolution, liquidation or winding up for the purposes of this Section.

Section 5. *Voting.*

(a) The holders of Noncumulative Shares shall have no voting rights, except as provided in this Section or required by law.

(b) (1) If, and so often as, the Corporation shall not have fully paid, or shall not have declared and set aside a sum sufficient for the payment of, dividends on any series of Noncumulative Shares at the time outstanding, for a number of dividend payment periods, whether consecutive or not, which in the aggregate contain at least 540 days, the holders of such Noncumulative Shares, voting separately as a class, together with all Cumulative Shares upon which like voting rights have been conferred and are exercisable, shall be entitled to elect, as herein provided, two members of the Board of Directors of the Corporation; provided, however, that the holders of such Noncumulative Shares shall not exercise such special class voting rights except at meetings of such shareholders for the election of directors at which the holders of not less than 50% of such Noncumulative Shares are present in person or by proxy; and provided further, that the special class voting rights provided for in this paragraph when the same shall have become vested shall remain so vested until the Corporation shall have fully paid, or shall have set aside a sum sufficient for the payment of, dividends on such Noncumulative Shares then outstanding for a number of consecutive dividend payment periods which in the aggregate contain at least 360 days, whereupon the holders of such Noncumulative Shares shall be divested of their special class voting rights in respect of subsequent elections of directors, subject to the re-vesting of such special class voting rights in the event above specified in this paragraph.

(2) In the event of default entitling holders of Noncumulative Shares to elect two directors as specified in paragraph (1) of this Subsection, a special meeting of such holders for the purpose of electing such directors shall be called by the Secretary of the Corporation upon written request of, or may be called by, the holders of record of at least 10% of the Noncumulative Shares upon which such default in the payment of dividends exists and notice thereof shall be given in the same manner as that required for the annual meeting of shareholders; provided, however, that the Corporation shall not be required to call such special meeting if the annual meeting of shareholders shall be called to be held within 90 days after the date of receipt of the foregoing written request from the holders of Noncumulative Shares. At any meeting at which such holders of Noncumulative Shares shall be entitled to elect directors, holders of 50% of such Noncumulative Shares, present in person or by proxy, shall be sufficient to constitute a quorum, and the vote of the holders of a majority of such shares so present at any such meeting at which there shall be such a quorum shall be sufficient to elect the members of the Board of Directors which such holders of Noncumulative Shares are entitled to elect as herein provided. Notwithstanding any provision of these Amended and Restated Articles of Incorporation, as amended, or the Code of Regulations of the Corporation or any action taken by the holders of any class of shares fixing the number of directors of the Corporation, the two directors who may be elected by such holders of Noncumulative Shares pursuant to this Subsection shall serve in addition to any other directors then in office or proposed to be elected otherwise than pursuant to this Subsection. Nothing in this Subsection shall prevent any change otherwise permitted in the total number of or classifications of directors of the Corporation nor require the resignation of any director elected otherwise than pursuant to this Subsection. Notwithstanding any classification of the other directors of the Corporation, the two directors elected by such holders of Noncumulative Shares shall be elected annually for terms expiring at the next succeeding annual meeting of shareholders.

(3) Upon any divesting of the special class voting rights of the holders of the Noncumulative Shares in respect of elections of directors as provided in this Subsection, the terms of office of all directors then in office elected by such holders shall terminate immediately thereupon. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, removal from office or otherwise, the remaining director elected by such holders voting as a class may elect a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) If at any time when the holders of Noncumulative Shares are entitled to elect directors pursuant to the foregoing provisions of this Section the holders of any Cumulative Shares are entitled to elect directors pursuant hereto by reason of any default in the payment of dividends thereon, then the voting rights of the Cumulative Shares and Noncumulative Shares then entitled to vote shall be combined (with class of shares having a number of votes proportional to the aggregate liquidation preference of its outstanding shares). In such case, the holders of Noncumulative Shares and of all such other shares then entitled so to vote, voting as a class, shall elect such directors. If the holders of any such other shares have elected such directors prior to the happening of the default or event permitting the holders of Noncumulative Shares to elect directors, or prior to a written request for the holding of a special meeting being received by the Secretary of the Corporation as required above, then a new election shall be held with all such other shares and the Noncumulative Shares voting together as a single class for such directors, resulting in the termination of the term of such previously elected directors upon the election of such new directors.

(d) The affirmative vote of the holders of at least two-thirds of the Noncumulative Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose, shall be necessary to effect either of the following:

(1) Any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of Noncumulative Shares which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Noncumulative Shares or of any shares ranking on a parity with or junior to the Noncumulative Shares nor the amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially preferences or voting or other rights of the holders of Noncumulative Shares; or

(2) The authorization, creation or increase in the authorized number of any shares, or any security convertible into shares, in either case ranking prior to such Noncumulative Shares.

(e) In the event, and only to the extent, that (1) Noncumulative Shares are issued in more than one series and (2) Ohio law permits the holders of a series of a class of capital stock to vote separately as a class, the affirmative vote of the holders of at least two-thirds of each series of the Noncumulative Shares at the time outstanding, voting separately as a class, given in person or by proxy either in writing or at a meeting called for the purpose of voting on such matters, shall be required for any amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the

provisions of these Amended and Restated Articles of Incorporation, as amended, or of the Code of Regulations of the Corporation which affects adversely and materially the preferences or voting or other rights of the holders of such series which are set forth in these Amended and Restated Articles of Incorporation, as amended; provided, however, neither the amendment of these Amended and Restated Articles of Incorporation, as amended, so as to authorize, create or change the authorized or outstanding number of Noncumulative Shares or of any shares remaining on a parity with or junior to the Noncumulative Shares nor the amendment of the provisions of the Code of Regulations so as to change the number or classification of directors of the Corporation shall be deemed to affect adversely and materially preferences or voting or other rights of the holder of such series.

XIII. *Definitions.* For the purposes of this Division:

(a) Whenever reference is made to shares “ranking prior to” Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares, Noncumulative Shares or Voting Preferred Shares, such reference shall mean and include all shares of the Corporation in respect of which the rights of the holders thereof as to the payment of dividends or as to distributions in the event of a voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation are given preference over the rights of the holders of Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares, Noncumulative Shares or Voting Preferred Shares, as the case may be; and

(b) Whenever reference is made to shares “on a parity with” Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares, Noncumulative Shares or Voting Preferred Shares, such reference shall mean and include all shares of the Corporation in respect of which the rights of the holders thereof as to the payment of dividends or as to distributions in the event of a voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation rank equally (except as to the amounts fixed therefor) with the rights of the holders of Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares, Noncumulative Shares or Voting Preferred Shares, as the case may be; and

(c) Whenever reference is made to shares “ranking junior to” Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares, Noncumulative Shares or Voting Preferred Shares, such reference shall mean and include all shares of the Corporation other than those defined under Subsections (a) and (b) of this Section as shares “ranking prior to” or “on a parity with” Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares, Noncumulative Shares or Voting Preferred Shares, as the case may be.

XIV. *Restrictions on Transfer to Preserve Tax Benefit; Shares Subject to Redemption*

(a) *Definitions.* For the purposes of this Item XIV of this Division A of this Article FOURTH, the following terms shall have the following meanings:

“Beneficial Ownership” shall mean ownership of Preferred Shares by a Person who would be treated as an owner of such Preferred Shares either directly or constructively through the application of Section 544 of the Code, as modified by Section 856(h) of the Code. The terms “Beneficial Owner,” “Beneficially Owns” and “Beneficially Owned” shall have the correlative meanings.

“Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.

“Constructive Ownership” shall mean ownership of Preferred Shares by a Person who would be treated as an owner of such Preferred Shares either directly or constructively through the application of Section 318 of the Code, as modified by Section 856(d)(5) of the Code. The terms “Constructive Owner,” “Constructively Owns” and “Constructively Owned” shall have the correlative meanings.

“Excess Preferred Shares” shall mean any Preferred Shares (i) acquired or proposed to be acquired by any Person pursuant to a Transfer to the extent that, if effective, such Transfer would result in the transferee either Beneficially Owning Preferred Shares or Constructively Owning Preferred Shares in excess of the Ownership Limit, or (ii) which are the subject of a Transfer that, if effective, which would result in the Corporation being “closely held” within the meaning of Section 856(h) of the Code.

“Market Price” shall mean, with respect to any series of any class of Preferred Shares, the last reported sales price of such series reported on the New York Stock Exchange on the trading day immediately preceding the relevant date or, if

shares of such series are not then traded on the New York Stock Exchange, the last reported sales price of shares of such series on the trading day immediately preceding the relevant date as reported on any exchange or quotation system over which the shares of such series may be traded, or if shares of such series are not then traded over any exchange or quotation system, then the market price of shares of such series on the relevant date as determined in good faith by the Board of Directors of the Corporation.

“Ownership Limit” shall mean, with respect to each series of each class of Preferred Shares, 9.8% of the outstanding shares of such series.

“Person” shall mean an individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, an association, a private foundation within the meaning of Section 509(a) of the Code, a joint stock company, other entity or a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended; provided, however, that a “person” does not mean an underwriter which participates in a public offering of Preferred Shares, for a period of 35 days following the purchase by such underwriter of such Preferred Shares.

“Preferred Shares” shall mean, collectively, Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares, Noncumulative Shares and Voting Preferred Shares.

“REIT” shall mean a Real Estate Investment Trust under Section 856 of the Code.

“Transfer” shall mean any sale, transfer, gift, assignment, devise or other disposition of Preferred Shares (including, without limitation, (i) the granting of any option or entering into any agreement for the sale, transfer or other disposition of Preferred Shares or (ii) the sale, transfer, assignment or other disposition of any securities or rights convertible into or exchangeable for Preferred Shares), whether voluntary or involuntary, whether of record or beneficially and whether by operation of law or otherwise.

(b) *Restrictions on Transfers.*

(i) Except as provided in Section (i) of this Item XIV of this Division A of this Article FOURTH, no Person shall Beneficially Own or Constructively Own shares of any series of any class of Preferred Shares in excess of the Ownership Limit applicable to such series.

(ii) Except as provided in Section (i) of this Item XIV of this Division A of this Article FOURTH, any Transfer that, if effective, would result in any Person Beneficially Owning shares of any series of any class of Preferred Shares in excess of the Ownership Limit applicable to such series shall be void *ab initio* as to the Transfer of such Preferred Shares which would be otherwise Beneficially Owned by such Person in excess of such Ownership Limit, and the intended transferee shall acquire no rights in such Preferred Shares.

(iii) Except as provided in Section (i) of this Item XIV of this Division A of this Article FOURTH, any Transfer that, if effective, would result in any Person Constructively Owning shares of any series of any class of Preferred Shares in excess of the Ownership Limit applicable to such series shall be void *ab initio* as to the Transfer of such Preferred Shares which would be otherwise Constructively Owned by such Person in excess of such amount, and the intended transferee shall acquire no rights in such Preferred Shares.

(iv) Notwithstanding any other provisions contained in this Item XIV, any Transfer (whether or not such Transfer is the result of a transaction entered into through the facilities of the New York Stock Exchange) or other event that, if effective, would result in the Corporation being “closely held” within the meaning of Section 856(h) of the Code, or would otherwise result in the Corporation failing to qualify as a REIT (including, but not limited to, a Transfer or other event that would result in the Corporation owning (directly or Constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Corporation from such tenant would cause the Corporation to fail to satisfy any of the gross income requirement of Section 856(c) of the Code) shall be void *ab initio* as to the Transfer of the Preferred Shares or other event which would cause the Corporation to be “closely held” within the meaning of Section 856(h) of the Code or would otherwise result in the Corporation failing to qualify as a REIT; and the intended transferee or owner or Constructive or Beneficial Owner shall acquire or retain no rights in such Preferred Shares.

(v) For purposes of construing the foregoing provisions, any attempt to transfer Preferred Shares in violation of the Ownership Limit applicable to the series of the class of such Preferred Shares (as such Ownership Limit may be modified by the Board of Directors pursuant to Section (h) of Item XIV) shall be construed as causing

such Preferred Shares to be transferred by operation of law to the Corporation as trustee of a trust for the exclusive benefit of the person or persons to whom such Preferred Shares can ultimately be transferred without violating the Ownership Limit and any Excess Preferred Shares while held in such trust shall not have any voting rights, shall not be considered for purposes of any shareholder vote or for determining a quorum for such a vote, and shall not be entitled to any dividends or other distributions.

(c) *Remedies for Breach.* If the Board of Directors or its designees shall at any time determine in good faith that a Transfer has taken place in violation of Section (b) of this Item XIV of this Division A of this Article FOURTH or that a Person intends to acquire or has attempted to acquire beneficial ownership (determined without reference to any rules of attribution), Beneficial Ownership or Constructive Ownership of any Preferred Shares of the Corporation in violation of Section (b) of this Item XIV of this Division A of this Article FOURTH, or that any such Transfer, intended or attempted acquisition or acquisition would jeopardize the status of the Corporation as a REIT under the Code, the Board of Directors or its designees shall take such actions as it deems advisable to refuse to give effect or to prevent such Transfer, including, but not limited to, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer and, in addition, exercising its rights under Section (d) of this Item XIV of this Division A of this Article FOURTH.

(d) *Purchase Right in Excess Preferred Shares.* Beginning on the date of the occurrence of a Transfer which, if consummated, in the good faith judgment of the Board of Directors of the Corporation, could result in Excess Preferred Shares, the Excess Preferred Shares, subject to such transfer shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that created such Excess Preferred Shares (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation shall have the right to accept such offer for a period of 90 days after the later of (i) the date of such Transfer and (ii) if the Corporation does not receive a notice of such Transfer pursuant to Section (e) of this Item XIV of this Division A of this Article FOURTH, the date the Board of Directors determines in good faith that such Transfer has occurred. Prompt payment of the purchase price shall be made in such reasonable manner as may be determined by the Corporation. From and after the date fixed for purchase by the Corporation, and so long as payment of the purchase price for the Excess Preferred Shares to be so purchased shall have been made or duly provided for, the holder of any Excess Preferred Shares so called for purchase shall cease to be entitled to dividends, distributions, voting rights and other benefits with respect to such Excess Preferred Shares, excepting only the right to payment of the purchase price fixed as aforesaid. Any dividend or distribution paid to a proposed transferee of Excess Preferred Shares prior to the discovery by the Corporation that the Excess Preferred Shares have been transferred in violation of Section (b) of this Item XIV of this Division A of this Article FOURTH shall be repaid to the Corporation upon demand. If the foregoing provisions are determined to be void or invalid by virtue of any legal decision, statute, rule or regulation, then the intended transferee of such Excess Preferred Shares shall be deemed, at the option of the Corporation, to have acted as agent on behalf of the Corporation in acquiring such Excess Preferred Shares and to hold such Excess Preferred Shares on behalf of the Corporation.

(e) *Notice of Restricted Transfer.* Any Person who acquires or attempts to acquire Preferred Shares or other securities in violation of subparagraph (b) of this Item XIV, or any Person who owns or will own Excess Preferred Shares as a result of an event under subparagraph (b) of this Item XIV, shall immediately give written notice to the Corporation of such event and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer or attempted Transfer or other event on the Corporation's status as a REIT.

(f) *Owners Required to Provide Information.* From and after the date of the Initial Public Offering:

(i) every Beneficial Owner of more than 5.0% (or such other percentage, between 0.5% and 5.0%, as provided in the regulations promulgated pursuant to the Code) of the outstanding Preferred Shares of the Corporation shall, within 30 days after January 1 of each year, give written notice to the Corporation stating the name and address of such Beneficial Owner, the number of shares Beneficially Owned, and description of how such shares are held. Each such Beneficial Owner shall provide to the Corporation such additional information as the Corporation may request in order to determine the effect, if any, of such Beneficial Ownership on the Corporation's status as a REIT.

(ii) each Person who is a Beneficial Owner or Constructive Owner of Preferred Shares and each Person (including the shareholder of record) who is holding Preferred Shares for a Beneficial Owner or Constructive Owner shall provide to the Corporation such information that the Corporation may request, in good faith, in order to determine the Corporation's status as a REIT.

(g) *Remedies Not Limited.* Nothing contained in this Division A of this Article FOURTH shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its shareholders by preservation of the Corporation's status as a REIT.

(h) *Ambiguity*. In the case of an ambiguity in the application of any of the provisions of this Item XIV of this Division A of this Article FOURTH, including any definition contained in Section (a) of this Item XIV, the Board of Directors shall have the power to determine the application of the provisions of this Item XIV with respect to any situation based on the facts known to it.

(1) *Exceptions*.

(i) Subject to Section (b)(iv) of this Item XIV of this Division A, the Board of Directors may exempt a Person from the Ownership Limit applicable to a series of a class of Preferred Shares if such Person is not an individual (other than pension plans described in Section 856(h)(3)) for purposes of Section 542(a)(2) of the Code if the Board of Directors obtains such representations and undertakings from such Person as are reasonably necessary to ascertain that no individual's Beneficial Ownership of such Preferred Shares will violate the Ownership Limit, and agrees that any violation or attempted violation will result in such Preferred Shares in excess of the Ownership Limit being subject to repurchase by the Corporation as set forth in Section (d) of this Item XIV of this Division A of this Article FOURTH.

(ii) The Board of Directors may exempt a Person from the limitation on such Person Constructively Owning Preferred Shares in excess of the Ownership Limit applicable to a series of a class of such Preferred Shares if such Person does not own and represents that it will not own, directly or constructively (by virtue of the application of Section 318 of the Code, as modified by Section 856(d)(5) of the Code), more than a 9.8% interest (as set forth in Section 856(d)(2)(B)) in a tenant of any real property owned or leased by the Corporation, if the Board of Directors obtains such representations and undertakings from such Person as are reasonably necessary to ascertain this fact and agrees that any violation or attempted violation will result in such Preferred Shares in excess of the Ownership Limit being deemed to be Excess Preferred Shares and subject to repurchase by the Corporation as set forth in Section (d) of this Item XIV of this Division A of this Article FOURTH.

XV. *Legend*. Each certificate for Preferred Shares shall bear the following legend:

"The Preferred Shares represented by this certificate are subject to restrictions on transfer for the purpose of the corporation's maintenance of its status as a Real Estate Investment Trust under the Internal Revenue Code of 1986, as amended. Subject to certain provisions of the Corporation's Articles of Incorporation, no Person may Beneficially Own or Constructively Own shares of any series of any class of Preferred Shares in excess of 9.8% of the outstanding Preferred Shares of such series. Any Person who attempts to Beneficially Own or Constructively Own shares of any series of any class of Preferred Shares in excess of the above limitations must immediately notify the Corporation. All capitalized terms in this legend have the meanings defined in the Corporation's Articles of Incorporation, a copy of which, including the restrictions on transfer, will be sent without charge to each shareholder who so requests. If the restrictions on transfer are violated, certain of the Preferred Shares represented hereby may be subject to repurchase by the Corporation on the terms and conditions set forth in the Corporation's Articles of Incorporation.

XVI. *The Voting Preferred Shares*. The Voting Preferred Shares shall have the following express terms:

Section 1. *General*. The Voting Preferred Shares shall rank on a parity with the Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares and shall be identical to all Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares, Class I Shares, Class J Shares, Class K Shares and Noncumulative Shares except as set forth in the provisions of Sections 2 through 10, both inclusive, which provisions shall apply to all of the Voting Preferred Shares.

Section 2. *Definitions*. For purposes of the Voting Preferred Shares, the following terms shall have the meanings indicated:

"Board of Directors" shall mean the Board of Directors of the Corporation or any committee authorized by such Board of Directors to perform any of its responsibilities with respect to the Voting Preferred Shares; provided that, for purposes of paragraph (a) of Section 8, the term "Board of Directors" shall not include any such committee.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Dividend Payment Date" shall mean March 31, June 30, September 30 and December 31 of each year; provided, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment payable on such Dividend

Payment Date shall be paid on the Business Day immediately following such Dividend Payment Date and no interest shall accrue on such dividend from such Dividend Payment Date to the date such dividend is paid.

“Dividend Periods” shall mean each quarterly dividend period commencing on and including March 31, June 30, September 30 and December 31 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period, other than the Dividend Period during which any Voting Preferred Shares shall be redeemed pursuant to Section 5, which shall end on and include the Redemption Date with respect to the Voting Preferred Shares being redeemed.

“Event” shall have the meaning set forth in paragraph (b) (i) of Section 8.

“Liquidation Preference” shall have the meaning set forth in paragraph (a) of Section 4.

“REIT” shall mean a Real Estate Investment Trust under Section 856 of the Code.

“set apart for payment” shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; provided, however, that if any funds for any class or series of shares ranking junior to the Voting Preferred Shares or any class or series of shares ranking on a parity with the Voting Preferred Shares are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar agent, then “set apart for payment” with respect to the Voting Preferred Shares shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

Section 3. *Dividends.* (a) The holders of Voting Preferred Shares shall be entitled to receive, when and as declared by the Board of Directors out of funds legally available for that purpose, cumulative dividends payable in cash in an amount per Voting Preferred Share equal to \$2.3438 per annum (equivalent to 9 3/8% of the per share Liquidation Preference per annum). Such dividends shall be cumulative from the first day of the Dividend Period in which the Closing Date (as defined in that certain Agreement and Plan of Merger dated as of October 4, 2002 by and among the Corporation, JDN Realty Corporation and DDR Transitory Sub, Inc.) shall occur, whether or not in any Dividend Period or Periods such dividends shall be declared or there shall be funds of the Corporation legally available for the payment of such dividends, and shall be payable quarterly in arrears on each Dividend Payment Date. Each such dividend shall be payable in arrears to the holders of record of the Voting Preferred Shares, as they appear on the stock records of the Corporation at the close of business on the fifteenth day of the calendar month in which the applicable Dividend Payment Date falls on or such other date designated by the Board of Directors for the payment of dividends that is not more than 45 nor less than 10 days prior to such Dividend Payment Date, as the case may be, immediately preceding such Dividend Payment Date. No dividends on the Voting Preferred Shares shall be declared by the Board of Directors or be paid or set apart for payment by the Corporation at such time as any agreement of the Corporation, including any agreement relating to the Corporation’s indebtedness, prohibits such declaration, payment or setting apart for payment or provides that such declaration, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such declaration, payment or setting apart for payment shall be restricted or prohibited by law. Accumulated, accrued and unpaid dividends for any past Dividend Periods may be declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, which date shall not precede by more than 45 days the payment date thereof, as may be fixed by the Board of Directors.

(b) Any dividend payable on the Voting Preferred Shares for any partial dividend period shall be computed ratably on the basis of twelve 30-day months and a 360-day year. Holders of Voting Preferred Shares shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of full cumulative dividends, as herein provided, on the Voting Preferred Shares. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Voting Preferred Shares that may be in arrears. Any dividend payment made on the Voting Preferred Shares shall first be credited against the earliest accrued but unpaid dividend due with respect to such shares which remains payable.

(c) If, for any taxable year, the Corporation elects to designate as “capital gain dividends” (as defined in Section 857 of the Code) any portion (the “Capital Gains Amount”) of the total distributions (as determined for federal income tax purposes) paid or made available for the year to holders of all classes of capital stock (the “Total Dividends”), then the portion of the Capital Gains Amount that shall be allocable to holders of Voting Preferred Shares shall be in the same proportion that the Total Dividends paid or made available to the holders of Voting Preferred Shares for the year bears to the Total Dividends. If, for any taxable year, the Corporation elects, as provided in Section 857(b)(3)(D) of the Code, to designate as “undistributed capital gains” any portion of the Corporation’s total net capital gains for the taxable year, then such undistributed capital gains shall be allocated between the holders of the Voting Preferred Shares and the holders of other classes or series of capital stock of the Corporation in a manner that is consistent with such allocations being considered other than a “preferential dividend” within the meaning of Section 562(c) of the Code.

(d) So long as any of the Voting Preferred Shares are outstanding, except as described in the immediately following sentence, no dividends shall be declared or paid or set apart for payment by the Corporation and no other distribution of cash or other property shall be declared or made, directly or indirectly, by the Corporation with respect to any shares ranking on a parity unless, in each case, dividends equal to the full amount of accumulated, accrued and unpaid dividends on all outstanding Voting Preferred Shares have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for payment of such dividends on the Voting Preferred Shares for all Dividend Periods ending on or prior to the date such dividend or distribution is declared, paid, set apart for payment or made, as the case may be, with respect to such shares ranking on a parity. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends declared upon the Voting Preferred Shares and all dividends declared upon any shares ranking on a parity shall be declared ratably in proportion to the respective amounts of dividends accumulated, accrued and unpaid on the Voting Preferred Shares and accumulated, accrued and unpaid on such shares ranking on a parity.

(e) So long as any of the Voting Preferred Shares are outstanding, no dividends (other than dividends or distributions paid in shares, or options, warrants or rights to subscribe for or purchase shares, ranking junior to the Voting Preferred Shares) shall be declared or paid or set apart for payment by the Corporation and no other distribution of cash or other property shall be declared or made, directly or indirectly, by the Corporation with respect to any shares ranking junior to the Voting Preferred Shares, nor shall any shares ranking junior to the Voting Preferred Shares be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Shares made for purposes of an employee incentive, benefit or stock purchase plan of the Corporation or any subsidiary) for any consideration (or any monies be paid to or made available for a sinking fund for the redemption of any shares of any such stock), directly or indirectly, by the Corporation (except by conversion into or exchange for shares, or options, warrants or rights to subscribe for or purchase shares, ranking junior to the Voting Preferred Shares), nor shall any other cash or other property otherwise be paid or distributed to or for the benefit of any holder of shares ranking junior to the Voting Preferred Shares in respect thereof, directly or indirectly, by the Corporation unless, in each case, dividends equal to the full amount of all accumulated, accrued and unpaid dividends on all outstanding Voting Preferred Shares have been declared and paid, or such dividends have been declared and a sum sufficient for the payment thereof has been set apart for such payment, on all outstanding Voting Preferred Shares for all Dividend Periods ending on or prior to the date such dividend or distribution is declared, paid, set apart for payment or made with respect to such shares ranking junior to the Voting Preferred Shares, or the date such shares ranking junior to the Voting Preferred Shares are redeemed, purchased or otherwise acquired or monies paid to or made available for any sinking fund for such redemption, or the date any such cash or other property is paid or distributed to or for the benefit of any holders of shares ranking junior to the Voting Preferred Shares in respect thereof, as the case may be.

(f) In determining the extent to which a distribution with respect to the Voting Preferred Shares constitutes a dividend for tax purposes, the earnings and profits of the Corporation will be allocated, on a pro rata basis, in accordance with the ranking of the class of capital stock or series of capital stock, constituting a class within the meaning of Code Section 562(c), of the Corporation, as described in Section 7.

Notwithstanding the provisions of this Section 3, the Corporation shall not be prohibited from (i) declaring or paying or setting apart for payment any dividend or distribution on any shares ranking junior to or on a parity with the Voting Preferred Shares or (ii) redeeming, purchasing or otherwise acquiring any shares ranking junior to or on a parity with the Voting Preferred Shares, in each case, if such declaration, payment, redemption, purchase or other acquisition is necessary in order to assist in maintaining the continued qualification of the Corporation as a REIT under Section 856 of the Code.

Section 4. *Liquidation Preference.* (a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution by the Corporation (whether of capital, surplus or otherwise) shall be made to or set apart for the holders of shares ranking junior to the Voting Preferred Shares, the holders of Voting Preferred Shares shall be entitled to receive Twenty-Five Dollars (\$25.00) per Voting Preferred Share (the "Liquidation Preference"), plus an amount equal to all dividends accumulated, accrued and unpaid thereon to the date of final distribution to such holders; but such holders shall not be entitled to any further payment. Until the holders of the Voting Preferred Shares have been paid the Liquidation Preference in full, plus an amount equal to all dividends accumulated, accrued and unpaid thereon to the date of final distribution to such holders, no payment will be made to any holder of shares ranking junior to the Voting Preferred Shares upon the liquidation, dissolution or winding up of the Corporation. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of Voting Preferred Shares shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other shares ranking on a parity with the Voting Preferred Shares, then such assets, or the proceeds thereof, shall be distributed among the holders of Voting Preferred Shares and any such other shares ranking on a parity with the Voting Preferred Shares ratably in the same proportion as the respective amounts that would be payable on such Voting Preferred Shares and any such other shares ranking on a parity with the Voting Preferred Shares if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with or into one or more other entities, (ii) a sale, lease, transfer or conveyance of all or substantially all of the Corporation's assets, or (iii) a statutory share exchange shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

(b) Upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of Voting Preferred Shares and any shares ranking on a parity with the Voting Preferred Shares, as provided in this Section 4, any other shares ranking junior to the Voting Preferred Shares shall, subject to the respective terms thereof, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Voting Preferred Shares and any shares ranking on a parity with the Voting Preferred Shares shall not be entitled to share therein.

Section 5. *Redemption at the Option of the Corporation.* (a) Shares of Voting Preferred Shares shall not be redeemable by the Corporation prior to September 15, 2003. On and after September 15, 2003, the Corporation, at its option, may redeem Voting Preferred Shares, in whole or from time to time in part, at a redemption price payable in cash equal to \$25.00 per share, plus all accumulated, accrued and unpaid dividends to the date fixed for redemption (the "Redemption Date"); provided, however, that in the event of a redemption of Voting Preferred Shares, if the Redemption Date occurs after a dividend record date and on or prior to the related Dividend Payment Date, the dividend payable on such Dividend Payment Date in respect of such shares called for redemption shall be payable on such Dividend Payment Date to the holders of record at the close of business on such dividend record date, and shall not be payable as part of the redemption price for such shares. In connection with any redemption pursuant to this Section 5(a), the redemption price of the Voting Preferred Shares (other than any portion thereof consisting of accumulated, accrued and unpaid dividends) shall be payable solely with the proceeds from the sale by the Corporation of other capital shares of the Corporation (whether or not such sale occurs concurrently with such redemption). For purposes of the preceding sentence, "capital shares" means any common shares, preferred shares, depository shares, participations or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable at the option of the holder for equity securities (unless and to the extent such debt securities are subsequently converted into capital shares)) or options to purchase any of the foregoing of or in the Corporation.

(b) The Redemption Date shall be selected by the Corporation, shall be specified in the notice of redemption and shall be not less than 30 days nor more than 60 days after the date notice of redemption is sent by the Corporation.

(c) If full cumulative dividends on all outstanding Voting Preferred Shares have not been declared and paid, or declared and set apart for payment, no Voting Preferred Shares may be redeemed unless all outstanding Voting Preferred Shares are simultaneously redeemed, and neither the Corporation nor any affiliate of the Corporation may purchase or acquire Voting Preferred Shares other than pursuant to a purchase or exchange offer made on the same terms to all holders of Voting Preferred Shares.

(d) If the Corporation shall redeem Voting Preferred Shares pursuant to paragraph (a) of this Section 5, notice of such redemption shall be given to each holder of record of the shares to be redeemed. Such notice shall be provided by first class mail, postage prepaid, at such holder's address as the same appears on the stock records of the Corporation. Neither the failure to mail any notice required by this paragraph (d), nor any defect therein or in the mailing thereof to any particular holder, shall affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date mailed whether or not the holder receives the notice. Each such notice shall state, as appropriate: (1) the Redemption Date; (2) the number of Voting Preferred Shares to be redeemed and, if fewer than all such shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the place or places at which certificates for such shares are to be surrendered for cash; and (4) the redemption price payable on such Redemption Date, including, without limitation, a statement as to whether or not accumulated, accrued and unpaid dividends will be (x) payable as part of the redemption price, or (y) payable on the next Dividend Payment Date to the record holder at the close of business on the relevant record date as described in the next succeeding sentence.

Notice having been mailed as aforesaid, from and after the Redemption Date (unless the Corporation shall fail to make available the amount of cash necessary to effect such redemption), (i) dividends on the Voting Preferred Shares so called for redemption shall cease to accumulate or accrue on the Voting Preferred Shares called for redemption, (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Voting Preferred Shares of the Corporation shall cease except the rights to receive the cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required; provided, however, that if the Redemption Date for any Voting Preferred Shares occurs after any dividend record date and on or prior to the related Dividend Payment Date, the full dividend payable on such Dividend Payment Date in respect of such Voting Preferred Shares called for redemption shall be payable on such Dividend Payment Date to the holders of record of such shares at the close of business on the corresponding dividend record date notwithstanding the prior redemption of such shares. The Corporation's obligation to make available the redemption price in accordance with the preceding sentence shall be deemed fulfilled if, on or before the applicable Redemption Date, the Corporation shall irrevocably deposit in trust with a bank or trust company (which may not be an affiliate of the Corporation) that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least \$50,000,000, such amount of cash as is necessary for such redemption plus, if such Redemption Date occurs after any dividend record date and on or prior to the related Dividend Payment Date, such amount of cash as is necessary to pay the dividend payable on such Dividend Payment Date in respect of such Voting Preferred Shares called for redemption, with irrevocable instructions that such cash be applied to

the redemption of the Voting Preferred Shares so called for redemption and, if applicable, the payment of such dividend. No interest shall accrue for the benefit of the holders of Voting Preferred Shares to be redeemed on any cash so set aside by the Corporation. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Corporation, after which reversion the holders of Voting Preferred Shares so called for redemption shall look only to the general funds of the Corporation for the payment of such cash.

As promptly as practicable after the surrender in accordance with such notice of the certificates for any such Voting Preferred Shares to be so redeemed (properly endorsed or assigned for transfer, if the Corporation shall so require and the notice shall so state), such certificates shall be exchanged for cash (without interest thereon) for which such shares have been redeemed in accordance with such notice. If fewer than all the outstanding Voting Preferred Shares are to be redeemed, shares to be redeemed shall be selected by the Corporation from outstanding Voting Preferred Shares not previously called for redemption by lot or, with respect to the number of Voting Preferred Shares held of record by each holder of such shares, pro rata (as nearly as may be) or by any other method as may be determined by the Board of Directors in its discretion to be equitable. If fewer than all the shares of Voting Preferred Shares represented by any certificate are redeemed, then a new certificate representing the unredeemed shares shall be issued without cost to the holders thereof.

Section 6. *Status of Recquired Shares.* All Voting Preferred Shares which shall have been issued and reacquired in any manner by the Corporation shall be deemed retired.

Section 7. *Ranking.* The Voting Preferred Shares rank prior to, on a parity with, or junior to other shares of capital stock of the Corporation in accordance with Item XIII of this Division A.

Section 8. *Voting.* (a) If and whenever six quarterly dividends (whether or not consecutive) payable on the Voting Preferred Shares or any series or class of shares ranking on a parity with the Voting Preferred Shares shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), the number of directors then constituting the Board of Directors shall be increased by two (if not already increased by reason of similar types of provisions with respect to shares ranking on a parity with the Voting Preferred Shares of any other class or series which is entitled to similar voting rights (the "Arrearage Voting Preferred Shares")) and the holders of Voting Preferred Shares, together with the holders of shares of all other Arrearage Voting Preferred Shares then entitled to exercise similar voting rights, voting as a single class regardless of class or series, shall be entitled to elect the two additional directors to serve on the Board of Directors at any annual meeting of shareholders or special meeting held in place thereof, or at a special meeting of the holders of the Voting Preferred Shares and the Arrearage Voting Preferred Shares called as hereinafter provided. Whenever all arrearages in dividends on the Voting Preferred Shares and the Arrearage Voting Preferred Shares then outstanding shall have been paid and dividends thereon for the current quarterly dividend period shall have been declared and paid, or declared and set apart for payment, then the right of the holders of the Voting Preferred Shares and the Arrearage Voting Preferred Shares to elect such additional two directors shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages), and the terms of office of all persons elected as directors by the holders of the Voting Preferred Shares and the Arrearage Voting Preferred Shares shall forthwith terminate and the number of directors constituting the Board of Directors shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of Voting Preferred Shares and the Arrearage Voting Preferred Shares, if applicable, the Secretary of the Corporation may, and upon the written request of any holder of at least ten percent (10%) of Voting Preferred Shares (addressed to the Secretary at the principal office of the Corporation) shall, call a special meeting of the holders of the Voting Preferred Shares and of the Arrearage Voting Preferred Shares for the election of the two directors to be elected by them as herein provided, such call to be made by notice similar to that provided in the Code of Regulations of the Corporation for a special meeting of the shareholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of any such request, then any holder of Voting Preferred Shares may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Corporation. The directors elected at any such special meeting shall hold office until the next annual meeting of the shareholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the directors elected by the holders of the Voting Preferred Shares and the Arrearage Voting Preferred Shares, a successor shall be elected by the Board of Directors, upon the nomination of the then-remaining director elected by the holders of the Voting Preferred Shares and the Arrearage Voting Preferred Shares or the successor of such remaining director, to serve until the next annual meeting of the shareholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

(b) So long as any Voting Preferred Shares are outstanding, in addition to any other vote or consent of shareholders required by law or by the Amended and Restated Articles of Incorporation of the Corporation, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Voting Preferred Shares voting as a single class with

the holders of all other classes or series of shares ranking on a parity with the Voting Preferred Shares entitled to vote on such matters, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Any amendment, alteration or repeal of any of the provisions of, or the addition of any provision to, the Amended and Restated Articles of Incorporation or the Code of Regulations of the Corporation, whether by merger, consolidation or otherwise (an "Event"), that materially adversely affects the voting powers, rights or preferences of the holders of the Voting Preferred Shares; provided, however, that the amendment of the provisions of the Amended and Restated Articles of Incorporation (A) so as to authorize or create, or to increase the authorized amount of, or issue, any shares ranking junior to the Voting Preferred Shares or any shares of any class or series of shares ranking on a parity with the Voting Preferred Shares or (B) with respect to the occurrence of any Event, so long as the Voting Preferred Shares remains outstanding with the terms thereof materially unchanged, taking into account that upon the occurrence of the Event, the Corporation may not be the surviving entity, shall not in either case be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Voting Preferred Shares; or

(ii) The authorization, creation of, increase in the authorized amount of, or issuance of any shares of any class or series of shares ranking prior to the Voting Preferred Shares or any security convertible into shares of any class or series of shares ranking prior to the Voting Preferred Shares (whether or not such class or series of shares ranking prior to the Voting Preferred Shares is currently authorized); provided, however, that no such vote of the holders of Voting Preferred Shares shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such shares ranking prior to the Voting Preferred Shares or convertible or exchangeable security is to be made, as the case may be, provision is made for the redemption of all shares of Voting Preferred Shares at the time outstanding to the extent such redemption is authorized by Section 5.

(c) In addition to the foregoing, the holders of Voting Preferred Shares shall be entitled to vote on all matters (for which holders of Common Shares shall be entitled to vote thereon) at all meetings of the shareholders of the Corporation, and shall be entitled to one vote for each Voting Preferred Share entitled to vote at such meeting.

Section 9. *Record Holders.* The Corporation and its transfer agent may deem and treat the record holder of any Voting Preferred Shares as the true and lawful owner thereof for all purposes, and neither the Corporation nor such transfer agent shall be affected by any notice to the contrary.

Section 10. *Restrictions on Ownership and Transfers.* The Voting Preferred Shares are subject to the provisions of Article XIV of this Division A pertaining to restrictions on ownership and transfers, including without limitation the provisions relative to Excess Preferred Shares (as defined in Item XIV).

DIVISION B

Subject to the terms of the Cumulative Shares and the Noncumulative Preferred Shares, the Common Shares shall have the following express terms:

Section 1. *Dividend Rights.* The holders of Common Shares shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation, out of the assets of the Corporation which are by law available therefor, dividends or distributions payable in cash, in property or in securities of the Corporation.

Section 2. *Rights Upon Liquidation.* In the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any distribution of the assets of, the Corporation, each holder of Common Shares shall be entitled to receive, ratably with each other holder of Common Shares, that portion of the assets of the Corporation available for distribution to its shareholders as the number of Common Shares held by such holder bears to the total number of Common Shares then outstanding.

Section 3. *Voting Rights.* The holders of Common Shares shall be entitled to vote on all matters (for which holders of Common Shares shall be entitled to vote thereon) at all meetings of the shareholders of the Corporation, and shall be entitled to one vote for each Common Share entitled to vote at such meeting.

Section 4. *Restrictions on Transfer to Preserve Tax Benefit; Common Shares Subject to Redemption*

(a) *Definitions.* For the purposes of this Section 4 of this Division B of this Article FOURTH, the following terms shall have the following meanings:

“*Beneficial Ownership*” shall mean ownership of Common Shares by a Person who would be treated as an owner of such Common Shares either directly or constructively through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code. The terms “Beneficial Owner,” “Beneficially Owns” and “Beneficially Owned” shall have the correlative meanings.

“*Beneficiary*” shall mean, with respect to any Trust, one or more organizations described in Section 501(c)(3) of the Code (contributions to which must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code which are named by the Corporation as the beneficiary or beneficiaries of such Trust, in accordance with the provisions of Section 7(a) of this Division B of this Article FOURTH.

“*Code*” shall mean the Internal Revenue Code of 1986, as amended from time to time.

“*Constructive Ownership*” shall mean ownership of Common Shares by a Person who would be treated as an owner of such Common Shares either directly or Constructively through the application of Section 318 of the Code, as modified by Section 856(d)(5) of the Code. The terms “Constructive Owner,” “Constructively Owns” and “Constructively Owned” shall have the correlative meanings.

“*Effective Date*” shall mean May 8, 2009.

“*Exempt Holder*” shall mean, collectively, (i) Professor Werner Otto, his wife Maren Otto and/or all descendants of Professor Werner Otto (illegitimate descendants only if they have obtained the status of a legitimate descendant by legitimation or adoption by Professor Werner Otto or one of his legitimate descendants, or if they are children of a female legitimate descendant of Professor Werner Otto), (ii) any trust or any family foundation that has exclusively been established in favor of one or several of the individuals named under (i) above, and (iii) any partnership, firm, corporation, association, trust, unincorporated organization, joint venture, limited liability company or other legal entity, in which the individuals or entities named under (i) and (ii) hold (either directly or indirectly) more than 50% of the voting rights or more than 50% of the equity capital of such any such partnership, firm, corporation, association, trust, unincorporated organization, joint venture, limited liability company or other legal entity.

“*Exempt Holder Limit*” shall initially mean 29.8% of the outstanding Common Shares of the Corporation, and after any adjustment pursuant to Section (4)(i) (i) of this Division B of this Article FOURTH, shall mean such percentage of the outstanding Common Shares as so adjusted.

“*Existing Holder*” shall mean, collectively, Iris Wolstein and/or all descendants of Iris Wolstein, including, without limitation, Scott A. Wolstein, (ii) any trust or any family foundation that has exclusively been established in favor of one or several of the individuals named under (i) above, and (iii) any partnership, firm, corporation, association, trust, unincorporated organization, joint venture, limited liability company or other legal entity, in which the individuals or entities named under (i) and (ii) hold (either

directly or indirectly) more than 50% of the voting rights as well as more than 50% of the equity capital of such any such partnership, firm, corporation, association, trust, unincorporated organization, joint venture, limited liability company or other legal entity.

“Existing Holder Limit” shall initially mean 5.1% of the outstanding Common Shares of the Corporation, and after any adjustment pursuant to Section 4(i)(ii) of this Division B of this Article FOURTH, shall mean such percentage of the outstanding Common Shares as so adjusted. *“Market Price”* shall mean the last reported sales price of Common Shares reported on the New York Stock Exchange on the trading day immediately preceding the relevant date or, if the Common Shares are not then traded on the New York Stock Exchange, the last reported sales price of the Common Shares on the trading day immediately preceding the relevant date as reported on any exchange or quotation system over which the Common Shares may be traded, or if the Common Shares are not then traded over any exchange or quotation system, then the market price of the Common Shares on the relevant date as determined in good faith by the Board of Directors of the Corporation.

“Non-Transfer Event” shall mean an event other than a purported Transfer that would cause any Person to Beneficially Own or Constructively Own Common Shares in excess of the Ownership Limit (in the case of any Person other than the Exempt Holder) or the Exempt Holder Limit (in the case of the Exempt Holder), including, but not limited to, the acquisition, directly or indirectly, of any Person that Beneficially Owns or Constructively Owns Common Shares.

“Non-U.S. Person” shall mean a Person other than a U.S. Person.

“Ownership Limit” shall initially mean 5.0% of the outstanding Common Shares of the Corporation, and after any adjustment pursuant to Section (4)(j) of this Division B of this Article FOURTH, shall mean such percentage of the outstanding Common Shares as so adjusted.

“Person” shall mean an individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, an association, a private foundation within the meaning of Section 509(a) of the Code, a joint stock company, other entity or a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended; provided, however, that a “Person” does not mean an underwriter which participates in a public offering of the Common Shares, for a period of 35 days following the purchase by such underwriter of the Common Shares.

“Prohibited Owner” shall mean, with respect to any purported Transfer or Non-Transfer Event, any Person who, but for the provisions of Section 4(c) of this Division B of this Article FOURTH, would own record title to Common Shares.

“REIT” shall mean a real estate investment trust within the meaning of Section 856 of the Code.

“Related Party Limit” shall mean 9.8% of the outstanding Common Shares of the Corporation.

“Transfer” shall mean any sale, transfer, gift, assignment, devise or other disposition of Common Shares (including, without limitation, (i) the granting of any option or entering into any agreement for the sale, transfer or other disposition of Common Shares or (ii) the sale, transfer, assignment or other disposition of any securities or rights convertible into or exchangeable for Common Shares), whether voluntary or involuntary, whether of record or beneficially and whether by operation of law or otherwise.

“Trust” shall mean any separate trust created pursuant to Section 4(c) of this Division B of this Article FOURTH and administered in accordance with the terms of Section 7 of this Division B of this Article FOURTH, for the exclusive benefit of any Beneficiary.

“Trustee” shall mean any person or entity unaffiliated with both the Corporation and any Prohibited Owner, such Trustee to be designated by the Corporation to act as trustee of any Trust, or any successor trustee thereof.

“U.S. Person” shall mean (i) a citizen or resident of the United States, (ii) a partnership created or organized in the United States or under the laws of the United States or any state therein (including the District of Columbia), (iii) a corporation created or organized in the United States or under the laws of the United States or any state therein (including the District of Columbia), and (iv) any estate or trust (other than a foreign estate or foreign trust, within the meaning of Section 7701(a)(31) of the Code).

(b) *Restrictions on Transfers.*

(i) Except as provided in Section 4(l) of this Division B of this Article FOURTH, from and after the date of the Initial Public Offering, (A) no Person (other than the Exempt Holder and the Existing Holder) shall Beneficially Own Common Shares in excess of the Ownership Limit, (B) the Exempt Holder shall not Beneficially Own Common Shares in excess of the

Exempt Holder Limit and (C) the Existing Holder shall not Beneficially Own Common Shares in excess of the Existing Holder Limit.

(ii) Except as provided in Section 4(l) of this Division B of this Article FOURTH, any Transfer that, if effective, would result in any Person (other than the Exempt Holder or the Existing Holder) Beneficially Owning Common Shares in excess of the Ownership Limit shall be void *ab initio* as to the Transfer of such Common Shares which would be otherwise Beneficially Owned by such Person in excess of the Ownership Limit, and the intended transferee shall acquire no rights in such Common Shares.

(iii) Except as provided in Section 4(l) of this Division B of this Article FOURTH, any Transfer that, if effective, would result in the Exempt Holder Beneficially Owning Common Shares in excess of the Exempt Holder Limit shall be void *ab initio* as to the Transfer of such Common Shares which would be otherwise Beneficially Owned by the Exempt Holder in excess of the Exempt Holder Limit, and the Exempt Holder shall acquire no rights in such Common Shares.

(iv) Except as provided in Section 4(l) of this Division B of this Article FOURTH, any Transfer that, if effective, would result in the Existing Holder Beneficially Owning Common Shares in excess of the Existing Holder Limit shall be void *ab initio* as to the Transfer of such Common Shares which would be otherwise Beneficially Owned by the Existing Holder in excess of the Existing Holder Limit, and the Existing Holder shall acquire no rights in such Common Shares.

(v) Except as provided in Section 4(l) of this Division B of this Article FOURTH, any Transfer that, if effective, would result in any Person Constructively Owning Common Shares in excess of the Related Party Limit shall be void *ab initio* as to the Transfer of such Common Shares which would be otherwise Constructively Owned by such Person in excess of such amount, and the intended transferee shall acquire no rights in such Common Shares.

(vi) Except as provided in Section 4(l) of this Division B of this Article FOURTH, any Transfer that, if effective, would result in the Common Shares being beneficially owned by less than 100 Persons (determined without reference to any rules of attribution) shall be void *ab initio* as to the Transfer of such Common Shares which would be otherwise beneficially owned by the transferee, and the intended transferee shall acquire no rights in such Common Shares.

(vii) Any Transfer that, if effective, would result in the Corporation being “closely held” within the meaning of Section 856(h) of the Code shall be void *ab initio* as to the Transfer of the Common Shares which would cause the Corporation to be “closely held” within the meaning of Section 856(h) of the Code, and the intended transferee shall acquire no rights in such Common Shares.

(viii) No Person shall acquire Beneficial Ownership of any Common Shares after the Effective Date if, as a result of such acquisition of Beneficial Ownership, the fair market value of the Common Shares owned directly and indirectly by Non-U.S. Persons for purposes of Section 897(h)(4)(B) of the Code would comprise 49% or more of the fair market value of the issued and outstanding Common Shares.

(c) *Transfers in Trust.*

(i) If, notwithstanding the other provisions contained in this Division B of this Article FOURTH, there is a purported Transfer or Non-Transfer Event such that any Person would Beneficially Own Common Shares in excess of (A) the Ownership Limit (in the case of any Person other than the Exempt Holder or the Existing Holder), (B) the Exempt Holder Limit (in the case of the Exempt Holder), or (C) the Existing Holder Limit (in the case of the Existing Holder), then, (1) except as otherwise provided in Section 4(l) of this Division B of this Article FOURTH, the purported transferee shall acquire no right or interest (or, in the case of a Non-Transfer Event, the person holding record title to the Common Shares Beneficially Owned by such Beneficial Owner, shall cease to own any right or interest) in such number of Common Shares which would cause such Beneficial Owner to Beneficially Own Common Shares in excess of the Ownership Limit, the Exempt Holder Limit or the Existing Holder Limit, as the case may be, and (2) such number of Common Shares in excess of the Ownership

Limit, the Exempt Holder Limit or the Existing Holder Limit (rounded up to the nearest whole share) shall be designated Shares-in-Trust and, in accordance with Section 7 of this Division B of this Article FOURTH, transferred automatically and by operation of law to a Trust. Such transfer to a Trust and the designation of the shares as Shares-in-Trust shall be effective as of the close of business on the business day prior to the date of the purported Transfer or Non-Transfer Event, as the case may be.

(ii) If, notwithstanding the other provisions contained in this Division B of this Article FOURTH, there is a purported Transfer or Non-Transfer Event such that any Person would Constructively Own Common Shares in excess of the Related Party Limit, then, (A) except as otherwise provided in Section 4(l) of this Division B of this Article FOURTH, the purported transferee shall acquire no right or interest (or, in the case of a Non-Transfer Event, the person holding record title to the Common Shares Constructively Owned by such Constructive Owner, shall cease to own any right or interest) in such number of Common Shares which would cause such Constructive Owner to Constructively Own Common Shares in excess of the Related Party Limit, and (B) such number of Common Shares in excess of the Related Party Limit (rounded up to the nearest whole share) shall be designated Shares-in-Trust and, in accordance with Section 7 of this Division B of this Article FOURTH,

transferred automatically and by operation of law to a Trust. Such transfer to a Trust and the designation of the shares as Shares-in-Trust shall be effective as of the close of business on the business day prior to the date of the purported Transfer or Non-Transfer Event, as the case may be.

(iii) If, notwithstanding the other provisions contained in this Article FOURTH, there is a purported Transfer or Non-Transfer Event that, if effective, would cause the Corporation to become “closely held” within the meaning of Section 856(h) of the Code, then (A) the purported transferee shall not acquire any right or interest (or, in the case of a Non-Transfer Event, the person holding record title of the Common Shares with respect to which such Non-Transfer Event occurred, shall cease to own any right or interest) in such number of Common Shares, the ownership of which by such purported transferee or record holder would cause the Corporation to be “closely held” within the meaning of Section 856(h) of the Code, and (B) such number of Common Shares (rounded up to the nearest whole share) shall be designated Shares-in-Trust and, in accordance with the provisions of Section 7 of this Division B of this Article FOURTH, transferred automatically and by operation of law to a Trust. Such transfer to a Trust and the designation of shares as Shares-in-Trust shall be effective as of the close of business on the business day prior to the date of the Transfer or Non-Transfer Event, as the case may be.

(d) *Remedies for Breach.* If the Board of Directors or its designees shall at any time determine in good faith that a Transfer has taken place in violation of Section 4(b) of this Division B of this Article FOURTH or that a Person intends to acquire or has attempted to acquire beneficial ownership (determined without reference to any rules of attribution), Beneficial Ownership or Constructive Ownership of any Common Shares of the Corporation in violation of Section 4(b) of this Division B of this Article FOURTH, or that any such Transfer, intended or attempted acquisition or acquisition would jeopardize the status of the Corporation as a REIT under the Code, the Board of Directors or its designees shall take such actions as it deems advisable to refuse to give effect or to prevent such Transfer, including, but not limited to, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer.

(e) *Notice of Restricted Transfer.* Any Person who acquires or intends to acquire shares in violation of Section 4(b) of this Division B of this Article FOURTH, or any Person who owned Common Shares that were transferred to a Trust pursuant to the provisions of Section 4(c) of this Division B of this Article FOURTH, shall immediately give written notice to the Corporation of such event and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer, intended Transfer or Non-Transfer Event, as the case may be, on the Corporation’s status as a REIT.

(f) *Owners Required to Provide Information.*

(i) Every Beneficial Owner of more than 5.0% (or such other percentage provided in the regulations promulgated pursuant to the Code) of the outstanding Common Shares of the Corporation shall, within 30 days after January 1 of each year, give written notice to the Corporation stating the name and address of such Beneficial Owner, the number of shares Beneficially Owned, and description of how such shares are held. Each such Beneficial Owner shall provide to the Corporation such additional information as the Corporation may request in order to determine the effect, if any, of such Beneficial Ownership on the Corporation’s status as a REIT.

(ii) Each Person who is a Beneficial Owner or Constructive Owner of Common Shares and each Person (including the shareholder of record) who is holding Common Shares for a Beneficial Owner or Constructive Owner shall provide to the Corporation such information that the Corporation may request, in good faith, in order to determine the Corporation’s status as a REIT.

(iii) Each Person who is a Beneficial or Constructive Owner of Common Shares and each Person (including the shareholder of record) who is holding Common Shares for a Beneficial or Constructive Owner shall provide to the Corporation such information as the Corporation may require, in good faith, in order to determine the Trust’s status as a REIT or a “domestically controlled qualified investment entity” (within the meaning of Section 897(h)(4)(B) of the Code) and to comply with the requirements of any taxing authority or to determine such compliance.

(g) *Remedies Not Limited.* Nothing contained in this Division B of this Article FOURTH shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its shareholders by preservation of the Corporation’s status as a REIT.

(h) *Ambiguity.* In the case of an ambiguity in the application of any of the provisions of Section 4 of this Division B of this Article FOURTH, including any definition contained in Section 4(a), the Board of Directors shall have the power to determine the application of the provisions of this Section 4 with respect to any situation based on the facts known to it.

(i) *Modification of Exempt Holder Limit and Existing Holder Limit.*

(i) Subject to the limitations provided in Section 4(k) of this Division B of this Article FOURTH, the Board of Directors may reduce the Exempt Holder Limit if: (A) based on the annual written notice delivered to the Corporation pursuant to Section 4(f)(i) of this Division B of this Article FOURTH, the Beneficial Ownership of the Exempt Holder is less than 17.5% of the outstanding Common Shares, then the Board of Directors may reduce the Exempt Holder Limit to 17.5%; (B) based on

the annual written notice delivered to the Corporation pursuant to Section 4(f)(i) of this Division B of this Article FOURTH, the Beneficial Ownership of the Exempt Holder is 7.5% or less of the outstanding Common Shares, then the Board of Directors may reduce the Exempt Holder Limit to 7.5%; or (C) after the Exempt Holder Limit has been reduced to 7.5%, the Board of Directors may further reduce the Exempt Holder Limit to reflect the Beneficial Ownership of the Exempt Holder as set forth on the annual written notice delivered to the Corporation pursuant to Section 4(f)(i) of this Division B of this Article FOURTH.

(ii) Subject to the limitations provided in Section 4(k), this Division B of this Article FOURTH, the Board of Directors may increase the Existing Holder Limit if the Board of Directors reduces the Exempt Holder Limit pursuant to Section 4(i)(i) of this Division B of this Article FOURTH.

(j) *Modification of Ownership Limit.* Subject to the limitations provided in Section 4(k) of this Division B of this Article FOURTH, the Board of Directors may from time to time increase the Ownership Limit.

(k) *Limitations on Modifications.* Notwithstanding any other provision of this Division B of this Article FOURTH:

(i) Neither the Ownership Limit nor the Existing Holder Limit may be increased if, after giving effect to such increase, five Beneficial Owners of Common Shares (including the Exempt Holder and the Existing Holder) could Beneficially Own, in the aggregate, more than 49.9% of the outstanding Common Shares.

(ii) Prior to the modification of any Exempt Holder Limit, Existing Holder Limit or Ownership Limit pursuant to Section 4(i) or Section 4(j) of this Division B of this Article FOURTH, the Board of Directors of the Corporation may require such opinions of counsel, affidavits, undertakings or agreements as it may deem necessary or advisable in order to determine or ensure the Corporation's status as a REIT.

(iii) The Exempt Holder Limit shall not be reduced to a percentage which is less than the Ownership Limit.

(iv) The Related Party Limit may not be increased to a percentage which is greater than 9.8%.

(l) *Exceptions.*

(i) The Board of Directors, with a ruling from the Internal Revenue Service or an opinion of counsel, may exempt a Person from the Ownership Limit, the Exempt Holder Limit or the Existing Holder Limit, as the case may be, if such Person is not an individual for purposes of Section 542(a)(2) of the Code and the Board of Directors obtains such representations and undertakings from such Person as are reasonably necessary to ascertain that no individual's Beneficial Ownership of such Common Shares will violate the Ownership Limit, the Exempt Holder Limit or the Existing Holder Limit, as the case may be, and agrees that any violation or attempted violation will result in such Common Shares in excess of the Ownership Limit, the Exempt Holder Limit or the Existing Holder Limit, as applicable, being transferred to a Trust in accordance with Section 4(c) of this Division B of this Article FOURTH.

(ii) The Board of Directors, with a ruling from the Internal Revenue Service or an opinion of counsel, may exempt a Person from the limitation on such Person Constructively Owning Common Shares in excess of the Related Party Limit if such Person does not own and represents that it will not own, directly or constructively (by virtue of the application of Section 318 of the Code, as modified by Section 856(d)(5) of the Code), more than a 9.9% interest (as set forth in Section 856(d)(2)(B) in a tenant of any real property owned or leased by the Corporation, and the Corporation obtains such representations and undertakings from such Person as are reasonably necessary to ascertain this fact and agrees that any violation or attempted violation will result in such Common Shares in excess of 9.8% being transferred to a Trust in accordance with Section 4(c) of this Division B of this Article FOURTH.

(iii) The Board of Directors may exempt the Exempt Holder, and any Person who would Constructively Own Common Shares Constructively Owned by the Exempt Holder, from the limitation on the Exempt Holder (or such other Person who would Constructively Own Common Shares Constructively Owned by the Exempt Holder) Constructively Owning Common Shares in excess of the Related Party Limit in its sole discretion based on the facts and circumstances existing at the time of such proposed exemption and the information provided by the Exempt Holder, including, without limitation, information regarding a tenant of any real property owned or leased by the Corporation, of which tenant the Exempt Holder (or such other Person who would Constructively Own Common Shares Constructively Owned by the Exempt Holder) owns, directly or constructively (by virtue of the application of Section 318 of the Code, as modified by Section 856(d)(5) of the Code), more than a 9.9% interest (as set forth in Section 856(d)(2)(B) of the Code). As a condition to the granting of any such exemption, the Corporation may require that the Exempt Holder provide representations and undertakings as are reasonably necessary to ascertain information regarding the ownership by the Exempt Holder (or such other Person who would Constructively Own Common Shares Constructively Owned by the Exempt Holder) of any interest in a tenant of any real property owned or leased by the Corporation and may impose conditions upon any such exemption as the Board of Directors deems necessary or advisable in order to determine or ensure the Corporation's status as a REIT, including that any exemption may terminate upon any violation or attempted violation of any such representations, undertakings, conditions or other terms of any agreement between the Company and the Exempt Holder. If, upon any termination of an exemption granted under this Section 4(l)(iii) of this Division B of this Article FOURTH, the Exempt Holder (or such other Person who would Constructively

Own Common Shares Constructively Owned by the Exempt Holder) would Constructively Own Common Shares in excess of the Related Party Limit, then the number of Common Shares actually owned by the Exempt Holder (and such other Person who would Constructively Own Common Shares Constructively Owned by the Exempt Holder) in excess of the Related Party Limit will be transferred to a Trust in accordance with Section 4(c) of this Division B of this Article FOURTH such that the Exempt Holder (and such other Person who would Constructively Own Common Shares Constructively Owned by the Exempt Holder) will not Constructively Own Common Shares in excess of the Related Party Limit.

(iv) The Exempt Holder will not be deemed to have violated the Exempt Holder Limit if the Exempt Holder's Beneficial Ownership in excess of the Exempt Holder Limit is solely the result of (A) a stock dividend, stock split or similar transaction effected by the Corporation in which all holders of Common Shares are treated equally or (B) a reduction in the number of Common Shares outstanding, unless and until, in case of either clause (A) or (B) above, such time as the Exempt Holder thereafter becomes the Beneficial Owner of any additional Common Shares (other than as a result of a stock dividend, stock split or similar transaction effected by the Corporation in which all holders of Common Shares are treated equally). In addition, the

Board of Directors may exempt the Exempt Holder from the Exempt Holder Limit should it determine that the Beneficial Ownership of the Exempt Holder does not result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code; provided, however, that notwithstanding the foregoing, this paragraph (iv) shall not be interpreted as a waiver of, or exemption from, the restriction in Section 4(b)(vi).

Section 5. *Legend.* Each certificate for Common Shares shall bear the following legend:

"The Common Shares represented by this certificate are subject to restrictions on transfer for the purpose of the Corporation's maintenance of its status as a Real Estate Investment Trust under the Internal Revenue Code of 1986, as amended. Subject to certain provisions of the Corporation's Articles of Incorporation, no Person may Beneficially Own Common Shares in excess of 5.0% of the outstanding Common Shares of the Corporation (unless such Person is an Exempt Holder or an Existing Holder), no Person may Constructively Own Common Shares in excess of 9.8% of the outstanding Common Shares of the Corporation and no Person may acquire Beneficial Ownership of any Common Shares after the Effective Date if, as a result of such acquisition, the fair market value of the Shares owned directly and indirectly by Non-U.S. Persons would comprise more than 49% of the fair market value of the issued and outstanding Common Shares. Any Person who attempts to Beneficially Own or Constructively Own Common Shares in excess of the above limitations must immediately notify the Corporation. All capitalized items in this legend have the meanings defined in the Corporation's Articles of Incorporation, a copy of which, including the restrictions on transfer, will be sent without charge to each shareholder who so requests. If the restrictions on transfer are violated, certain of the Common Shares represented hereby will be transferred automatically and by operation of law to a Trust and shall be designated Shares-in-Trust."

Section 7.

Shares-in-Trust.

(a) *Trust.* Any Common Shares transferred to a Trust and designated Shares-in-Trust pursuant to Section 4(c) of Division B of this Article FOURTH shall be held for the exclusive benefit of the Beneficiary. The Corporation shall name a beneficiary of each Trust within five (5) days after discovery of the existence of such Shares-in-Trust. Any transfer to a Trust, and subsequent designation of Common Shares as Shares-in-Trust, pursuant to Section 4(c) of Division B of this Article FOURTH shall be effective as of the close of business on the business day prior to the date of the Transfer or Non-Transfer Event that results in the transfer to the Trust. Shares-in-Trust shall remain issued and outstanding Common Shares and shall be entitled to the same rights and privileges on identical terms and conditions as are all other issued and outstanding Common Shares. When transferred to the Permitted Transferee in accordance with the provisions of Section 7(e) of Division B of this Article FOURTH, such Shares-in-Trust shall cease to be designated as Shares-in-Trust.

(b) *Dividend Rights.* The Trustee, as record holder of Shares-in-Trust, shall be entitled to receive all dividends and distributions as may be declared by the Board of Directors of the Corporation on such Common Shares and shall hold such dividends or distributions in trust for the benefit of the Beneficiary. The Prohibited Owner with respect to Shares-in-Trust shall repay to the Trustee the amount of any dividends or distributions received by it that (i) are attributable to any Common Shares designated as Shares-in-Trust and (ii) the record date of which was on or after the date that such Common Shares became Shares-in-Trust. The Corporation shall take all measures that it determines reasonably necessary to recover the amount of any such dividend or distribution paid to a Prohibited Owner, including, if necessary, withholding any portion of future dividends or distributions payable on Common Shares Beneficially Owned or Constructively Owned by the Person who, but for the provisions of Section 4(c) of Division B of this Article FOURTH, would Beneficially Own or Constructively Own the Shares-in-Trust; and, as soon as reasonably practicable following the Corporation's receipt or withholding thereof, shall pay over to the Trustee for the benefit of the Beneficiary the dividends so received or withheld, as the case may be.

(c) *Rights Upon Liquidation.* In the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any distribution of the assets of, the Corporation, each holder of Shares-in-Trust shall be entitled to receive, ratably with each other holder of Common Shares, that portion of the assets of the Corporation which is available for distribution to the holders of Common Shares. The Trustee shall distribute to the Prohibited Owner the amounts received upon such liquidation, dissolution, or winding up, or distribution; provided, however, that the Prohibited Owner shall not be entitled to receive amounts pursuant to this Section 7(c) of Division B of this Article FOURTH in excess of, in the case of a purported Transfer in which the Prohibited Owner gave value for Common Shares and which Transfer resulted in the transfer of the shares to the Trust, the price per share, if any, such Prohibited Owner paid for the Common Shares and, in the case of a Non-Transfer Event or Transfer in which the Prohibited Owner did not give value for such shares (e.g., if the shares were received through a gift or devise) and which Non-Transfer Event or Transfer, as the case may be, resulted in the transfer of shares to the Trust, the price per share equal to the Market Price on the date of such Non-Transfer Event or Transfer. Any remaining amount in such Trust shall be distributed to the Beneficiary.

(d) *Voting Rights.* The Trustee shall be entitled to vote all Shares-in-Trust. Any vote by a Prohibited Owner as a holder of Common Shares prior to the discovery by the Corporation that the Common Shares are Shares-in-Trust shall, subject to applicable law, be rescinded and shall be void *ab initio* with respect to such Shares-in-Trust, and the Prohibited Owner shall be deemed to have given, as of the close of business on the business day prior to the date of the purported Transfer or Non-Transfer Event that results in the transfer to the Trust of the Common Shares Section 4(c) of Division B of this Article FOURTH, an irrevocable proxy to the Trustee to vote the Shares-in-Trust in the manner in which the Trustee, in its sole and absolute discretion, desires.

(e) *Designation of Permitted Transferee.* The Trustee shall have the exclusive and absolute right to designate a Permitted Transferee of any and all Shares-in-Trust. As reasonably practicable as possible, in an orderly fashion so as not to materially adversely affect the Market Price of the Shares-in-Trust, the Trustee shall designate any Person as Permitted Transferee, provided, however, that (i) the Permitted Transferee so designated purchases for valuable consideration (whether in a public or private sale) the Shares-in-Trust and (ii) the Permitted Transferee so designated may acquire such Shares-in-Trust without such acquisition resulting in a transfer to a Trust and the redesignation of such Common Shares so acquired as Shares-in-Trust under Section 4(c) of Division B of this Article FOURTH. Upon the designation by the Trustee of a Permitted Transferee in accordance with the provisions of this subparagraph, the Trustee of a Trust shall (i) cause to be transferred to the Permitted Transferee that number of Shares-in-Trust acquired by the Permitted Transferee, (ii) cause to be recorded on the books of the Corporation that the Permitted Transferee is the holder of record of such number of Common Shares, and (iii) distribute to the Beneficiary any and all amounts held with respect to the Shares-in-Trust after making that payment to the Prohibited Owner pursuant to Section 7(f) of Division B of this Article FOURTH.

(f) *Compensation to Record Holder of Common Shares that Become Shares-In-Trust.* Any Prohibited Owner shall be entitled (following discovery of the Shares-In-Trust and subsequent designation of the Permitted Transferee in accordance with Section 4(e) of Division B of this Article FOURTH) to receive from the Trustee the lesser of (i) in the case of (A) a purported Transfer in which the Prohibited Owner gave value for Common Shares and which Transfer resulted in the transfer of the Common Shares to the Trust, the price per share, if any, such Prohibited Owner paid for the Common Shares, or (b) a Non-Transfer Event or Transfer in which the Prohibited Owner did not give value for such Common Shares (e.g., if the shares were received through a gift or devise) and which Non-Transfer Event or Transfer, as the case may be, resulted in the transfer of Common Shares to the Trust, the price per share equal to the Market Price on the date of such Non-Transfer Event or Transfer, and (ii) the price per share received by the Trustee of the Trust from the sale or other disposition of such Shares-in-Trust in accordance with Section 7(e) of Division B of this Article FOURTH. Any amounts received by the Trustee in respect of such Shares-in-Trust and in excess of such amounts to be paid the Prohibited Owner pursuant to this Section 7(f) of Division B of this Article FOURTH shall be distributed to the Beneficiary in accordance with the provisions of Section 7(e) of Division B of this Article FOURTH. Each Beneficiary and Prohibited Owner waive any and all claims that they may have against the Trustee and the Corporation arising out of the disposition of Shares-in-Trust, except for claims arising out of the gross negligence or willful misconduct of, or any failure to make payments in accordance with Section 7 of Division B of this Article FOURTH by, such Trustee or the Corporation.

(g) *Purchase Right in Shares-in-Trust.* Shares-in-Trust shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that created such Shares-in-Trust (or, in the case of devise, gift or Non-Transfer Event, the Market Price at the time of such devise, gift or Non-Transfer Event) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation shall have the right to accept such offer for a period of ninety days after the later of (i) the date of the Non-Transfer Event or purported Transfer which resulted in such Shares-in-Trust and (ii) the date the Corporation determines in good faith that a Transfer or Non-Transfer Event resulting in Shares-in-Trust has occurred, if the Corporation does not receive a notice of such Transfer or Non-Transfer Event pursuant to Section 4(e) of Division B of this Article FOURTH. Prompt payment of the purchase price shall be made in such reasonable manner as may be determined by the Corporation.

FIFTH: At all times following the consummation of the Initial Public Offering (as defined in Article FOURTH), at least a majority of the members of the Board of Directors shall, except during the period of a vacancy or vacancies therein, be Independent Directors. An "Independent Director" shall mean a person who is not (i) employed by the Corporation or (ii) an "affiliate" (as defined in Rule 405 under the Securities Act of 1933, as amended) of (A) any entity which is part of the Developers Diversified Group,

including, without limitation, Developers Diversified Limited Partnership, an Ohio limited partnership, Developers Diversified, Ltd., an Ohio limited partnership, W & M Properties, an Ohio general partnership, W & Z Properties, Ltd., an Ohio limited partnership, and DE Properties Corporation, an Ohio corporation, or (B) any partnership which is an affiliate (as defined above) of any entity listed in clause (A) of this Article FIFTH.

SIXTH: No holder of shares of the corporation of any class shall be entitled as such, as a matter of right, to subscribe for or purchase shares of any class, now or hereafter authorized, or to subscribe for or purchase securities convertible into or exchangeable for shares of the corporation or to which shall be attached or appertain any warrants or rights entitling the holder thereof to subscribe for or purchase shares, except such rights of subscription or purchase, if any, for such considerations and upon such terms and conditions as its Board of Directors from time to time may determine.

SEVENTH: Notwithstanding any provision of Sections 1701.01 to 1701.98, inclusive, of the Ohio Revised Code, or any successor statutes now or hereafter in force, requiring for the authorization or taking of any action the vote or consent of the holders of shares entitling them to exercise two-thirds or any other proportion of the voting power of the corporation or of any class or classes of shares thereof, such action, unless otherwise expressly required by law or these Articles of Incorporation, may be authorized or taken by the vote or consent of the holders of shares entitling them to exercise a majority of the voting power of the corporation or of such class or classes of shares thereof.

Except as provided in the Company's code of regulations with respect to the election of a director to fill a vacancy in the Board of Directors, each director shall be elected by the vote of the majority of the votes cast with respect to the director at any shareholder meeting held for the election of directors at which a quorum is present; provided, however, that if as of the date that is ten days in advance of the date the Company files its definitive proxy statement (regardless of whether or not thereafter revised or supplemented) with the Securities and Exchange Commission with respect to a shareholder meeting the number of nominees for election as a director is greater than the number of directors to be elected, then the directors shall be elected at the meeting by the vote of a plurality of the shares represented in person or by proxy at that meeting and entitled to vote on the election of directors. For purposes of this Section, a majority of the votes cast means the number of shares voted "for" a director exceeds the number of votes cast "against" the director. Broker non-votes and abstentions will not be considered votes cast at the shareholder meeting and will be excluded in determining the number of votes cast at the shareholder meeting.

EIGHTH: To the extent permitted by law, the corporation, by action of its Board of Directors, may purchase or otherwise acquire shares of any class issued by it at such times, for such consideration and upon such terms and conditions as its Board of Directors may determine.

NINTH: The provisions of Chapter 1701.831 of the Ohio Revised Code shall not apply to the Corporation.

TENTH: The provisions of Chapter 1707.043 of the Ohio Revised Code shall not apply to the Corporation.

ELEVENTH: If any provision (or portion thereof) of these Articles of Incorporation shall be found to be invalid, prohibited, or unenforceable for any reason, the remaining provisions (or portions thereof) of these Articles of Incorporation shall be deemed to remain in full force and effect, and shall be construed as if such invalid, prohibited, or unenforceable provision had been stricken herefrom or otherwise rendered inapplicable, it being the intent of the Corporation and its shareholders that each such remaining provision (or portion thereof) of these Articles of Incorporation remain, to the fullest extent permitted by law, applicable and enforceable as to all shareholders, notwithstanding any such finding.

TWELFTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon shareholders herein are granted subject to this reservation.

THIRTEENTH: These Third Amended and Restated Articles of Incorporation shall take the place of and supersede the Corporation's existing Amended and Restated Articles of Incorporation, as amended.

DDR CORP.
LIST OF SUBSIDIARIES/AFFILIATES

3030 North Broadway LLC, an Illinois limited liability company
AIP Office Flex II LLC, an Ohio limited liability company
AIP Properties #1, L.P., a Delaware limited partnership
AIP Properties #3 GP, Inc., a Texas corporation
AIP Tamarac, Inc., a Texas corporation
AIP-Alfred, Inc., a Texas corporation
AIP-SWAG GP, Inc., a Texas corporation
American Industrial Properties REIT, a Texas real estate investment trust
American Industrial Properties REIT, Inc., a Maryland corporation
American Property Protection Company, a Vermont corporation
Bandera Pointe Investment LLC, a Delaware limited liability company
Benderson-Wainberg Associates, L.P., a Delaware limited partnership
BFW/Pike Associates, LLC, a New York limited liability company
BG Toledo, LLC, an Ohio limited liability company
Black Cherry Limited Liability Company, a Colorado limited liability company
BRE DDR Belden Park, LLC, a Delaware limited liability company
BRE DDR Brookfield LLC, a Delaware limited liability company
BRE DDR Brown Deer Center LLC, a Delaware limited liability company
BRE DDR Brown Deer Market LLC, a Delaware limited liability company
BRE DDR Carillon Place LLC, a Delaware limited liability company
BRE DDR Connecticut Commons LLC, a Delaware limited liability company
BRE DDR Cool Springs Pointe LLC, a Delaware limited liability company
BRE DDR Crocodile Falcon Ridge Town Center I LLC, a Delaware limited liability company
BRE DDR Crocodile Falcon Ridge Town Center II LLC, a Delaware limited liability company
BRE DDR Crocodile Falcon Ridge Triangles LLC, a Delaware limited liability company
BRE DDR Crocodile Fortuna Center LLC, a Delaware limited liability company
BRE DDR Crocodile Holdings LLC, a Delaware limited liability company
BRE DDR Crocodile Indian Springs LLC, a Delaware limited liability company
BRE DDR Crocodile Orchards Market Center LLC, a Delaware limited liability company
BRE DDR Crocodile Property Holdco LLC, a Delaware limited liability company
BRE DDR Crocodile Silver Spring Square Trust, a Delaware statutory trust
BRE DDR Crocodile Sycamore Plaza LLC, a Delaware limited liability company
BRE DDR Crocodile Vista I LLC, a Delaware limited liability company
BRE DDR Crocodile Vista II – IV LLC, a Delaware limited liability company

BRE DDR Erie Marketplace Holdings LLC, a Delaware limited liability company
BRE DDR Erie Marketplace DST, a Delaware statutory trust
BRE DDR Fairfax Town Center LLC, a Delaware limited liability company
BRE DDR Flatacres Marketplace LLC, a Delaware limited liability company
BRE DDR Frisco Marketplace LLC, a Delaware limited liability company
BRE DDR Grandville Marketplace Holdings LLC, a Delaware limited liability company
BRE DDR Grandville Marketplace LLC, a Delaware limited liability company
BRE DDR Great Northern LLC, a Delaware limited liability company
BRE DDR Harbison Court LLC, a Delaware limited liability company
BRE DDR Homart Holdings LLC, a Delaware limited liability company
BRE DDR Lake Brandon Village LLC, a Delaware limited liability company
BRE DDR Lake Walden Square LLC, a Delaware limited liability company
BRE DDR Longhorn II Holdings LLC, a Delaware limited liability company
BRE DDR Longhorn II Mezz Borrower LLC, a Delaware limited liability company
BRE DDR MacArthur Marketplace LLC, a Delaware limited liability company
BRE DDR Marketplace at Towne Center LLC, a Delaware limited liability company
BRE DDR Memorial LLC, a Delaware limited liability company
BRE DDR Merriam Town Center LLC, a Delaware limited liability company
BRE DDR Midway Marketplace LLC, a Delaware limited liability company
BRE DDR Parker Pavilions LLC, a Delaware limited liability company
BRE DDR Piedmont Plaza LLC, a Delaware limited liability company
BRE DDR Pioneer Hills LLC, a Delaware limited liability company
BRE DDR Retail Holdings LLC, a Delaware limited liability company
BRE DDR Retail Holdings III LLC, a Delaware limited liability company
BRE DDR Retail Mezz 1 LLC, a Delaware limited liability company
BRE DDR Retail Mezz 2 LLC, a Delaware limited liability company
BRE DDR Retail Parent LLC, a Delaware limited liability company
BRE DDR Riverdale Village Inner Ring LLC, a Delaware limited liability company
BRE DDR Riverdale Village Outer Ring LLC, a Delaware limited liability company
BRE DDR Shoppers World LLC, a Delaware limited liability company
BRE DDR Shops at Turner Hill LLC, a Delaware limited liability company
BRE DDR TRS LLC, a Delaware limited liability company
BRE DDR Turner Hill Marketplace LLC, a Delaware limited liability company
BRE DDR Venice Holdings LLC, a Delaware limited liability company
BRE DDR Woodfield Village LLC, a Delaware limited liability company
Buffalo Mooresville II LP, a Delaware limited partnership
Buffalo-Norfolk Associates, L.L.P., a Virginia limited liability company (inactive but not dissolved)
Canal TC LLC, a Delaware limited liability company
Chelmsford Associates LLC, a Delaware limited liability company
Coventry Real Estate Partners, Ltd., an Ohio limited liability company

DD Community Centers Eight, Inc., a Delaware corporation
DD Community Centers Five, Inc., a Delaware corporation
DDR I Depositor LLC, a Delaware limited liability company
DDR/1st Carolina Crossings North LP, a Delaware limited partnership
DDR/1st Carolina Crossings South LP, a Delaware limited partnership
DDR 2008 Portfolio LLC, a Delaware limited liability company
DDR 3030 Holdco LLC, a Delaware limited liability company
DDR Arrowhead Crossing OP LLC, a Delaware limited liability company
DDR Asset Management LLC, a Delaware limited liability company
DDR Atlantico LLC, S.E., a Delaware limited liability company
DDR Bandera LLC, a Delaware limited liability company
DDR Bandera GP LLC, a Delaware limited liability company
DDR Bandera GP II LLC, a Delaware limited liability company
DDR Bandera LP II LLC, a Delaware limited liability company
DDR BB/DSG Highland LLC, a Delaware limited liability company
DDR Beachwood Headquarters LLC, a Delaware limited liability company
DDR Belgate Holdings LLC, a Delaware limited liability company
DDR Belgate LP, a Delaware limited partnership
DDR Bermuda Square LLC, a Delaware limited liability company
DDR Brookside LLC, a Delaware limited liability company
DDR Buena Park Place Holdings LLC, a Delaware limited liability company
DDR Buena Park Place LP, a Delaware limited partnership
DDR Builders LLC, a Delaware limited liability company
DDR Builders Utah Inc., a Utah corporation
DDR BV Holdings LLC, a Delaware limited liability company
DDR BV Holdings II LLC, a Delaware limited liability company
DDR BV Holdings III LLC, a Delaware limited liability company
DDR BV Holdings IV LLC, a Delaware limited liability company
DDR BV Preferred Holdings LLC, a Delaware limited liability company
DDR BV Preferred Holdings IV LLC, a Delaware limited liability company
DDR CA Holdings LLC, a Delaware limited liability company
DDR Canada Ventures Holding Inc., a Delaware corporation
DDR Canada Ventures Inc., an Ontario corporation
DDR Caribbean LLC, a Delaware limited liability company
DDR Carolina Pavilion LP, a Delaware limited partnership
DDR Cayey LLC, S.E., a Delaware limited liability company
DDR Chesterfield Crossings LLC, a Delaware limited liability company
DDR Commonwealth Center II LLC, a Delaware limited liability company
DDR Continental Inc., an Ohio corporation
DDR Continental LP, an Ohio limited partnership

DDR Cotswold LP, a Delaware limited partnership
DDR CP Holdings LLC, a Delaware limited liability company
DDR CRC LLC, a Delaware limited liability company
DDR Creekside LP, a Delaware limited partnership
DDR Creekside Tenant LP, a Delaware limited partnership
DDR Crossroads Center LLC, an Ohio limited liability company
DDR CRV Portfolio LLC, S.E., a Delaware limited liability company
DDR Cumming TC LLC, a Delaware limited liability company
DDR DB Kyle LP, a Texas limited partnership
DDR DB Mendocino LP, a Delaware limited partnership
DDR DB SA Phase II LP, a Texas limited partnership
DDR DB SA Ventures LP, a Texas limited partnership
DDR DB Stone Oak LP, a Texas limited partnership
DDR DB Terrell LP, a Texas limited partnership
DDR Deer Park Town Center LLC, an Ohio limited liability company
DDR del Sol LLC, S.E., a Delaware limited liability company
DDR Douglasville Pavilion LLC, a Delaware limited liability company
DDR DownREIT LLC, an Ohio limited liability company
DDR Duvall LLLP, a Delaware limited liability limited partnership
DDR Easton Holdings LLC, a Delaware limited liability company
DDR Easton Market OP LLC, a Delaware limited liability company
DDR ECE LLC, a Delaware limited liability company
DDR Escorial LLC, S.E., a Delaware limited liability company
DDR Fajardo LLC, S.E., a Delaware limited liability company
DDR Family Centers I, Inc., an Ohio corporation
DDR Family Centers LP, a Delaware limited partnership
DDR GC Ventures LLC, a Delaware limited liability company
DDR GL West GP Inc., an Ontario corporation
DDR GL West Limited Partnership, an Ontario partnership
DDR GL West OPCO ULC, an Alberta unlimited liability company
DDR GLH GP Holdings II LLC, a Delaware limited liability company
DDR GLH LLC, a Delaware limited liability company
DDR Green Ridge Outlot LLC, a Delaware limited liability company
DDR Gresham Station LLC, a Delaware limited liability company
DDR Guayama WM LLC, S.E., a Delaware limited liability company
DDR Guilford LLC, a Delaware limited liability company
DDR Gulfport Promenade LLC, a Delaware limited liability company
DDR Hamilton Commons Outparcel LLC, a Delaware limited liability company
DDR Hendon Nassau Park II LP, a Georgia limited partnership
DDR Highland Village LP, a Delaware limited partnership

DDR Homestead LLC, a Delaware limited liability company
DDR Horseheads LLC, a Delaware limited liability company
DDR I-Drive LLC, a Delaware limited liability company
DDR Independence Commons LLC, a Delaware limited liability company
DDR IRR Acquisition LLC, a Delaware limited liability company
DDR Isabela LLC, S.E., a Delaware limited liability company
DDR Isabela II LLC, S.E., a Delaware limited liability company
DDR JDN West Lansing GP LLC, a Delaware limited liability company
DDR Jefferson County Plaza LLC, a Missouri limited liability company
DDR JH PR Holdings LLC, S.E., a Delaware limited liability company
DDR Johnson City LLC, a Delaware limited liability company
DDR Jupiter Falls, LLC, a Delaware limited liability company
DDR Kildeer Inc., an Illinois corporation
DDR KM Shopping Center LLC, a Delaware limited liability company
DDR Kyle Holdings LLC, a Delaware limited liability company
DDR Lake Brandon Plaza LLC, a Delaware limited liability company
DDR LH2 Mezz LLC, a Delaware limited liability company
DDR Major Mac Richmond GP Inc., an Ontario corporation
DDR Major Mac Richmond Limited Partnership, an Ontario limited partnership
DDR Major Mac Richmond OPCO ULC, an Alberta unlimited liability company
DDR Management LLC, a Delaware limited liability company
DDR Manatee Liquidating Holdco 1 LLC, a Delaware limited liability company
DDR Manatee Master GP LLC, a Delaware limited liability company
DDR Manatee Master LP, a Delaware limited partnership
DDR Manatee Master REIT, Inc., a Delaware corporation
DDR Mariner Square LLC, a Delaware limited liability company
DDR Mariner Square II LLC, a Delaware limited liability company
DDR Markaz II LLC, a Delaware limited liability company
DDR Maxwell LLC, a Delaware limited liability company
DDR Maxwell JV LLC, a Delaware limited liability company
DDR MCH East LLC, a Delaware limited liability company
DDR MCH East II LLC, a Delaware limited liability company
DDR MCH West LLC, a Delaware limited liability company
DDR McHenry Square LLC, a Delaware limited liability company
DDR Mendocino Holdings LLC, a Delaware limited liability company
DDR Merriam Village LLC, a Delaware limited liability company
DDR Metroplex Trust, a Delaware statutory trust
DDR Miami Avenue, LLC, a Delaware limited liability company
DDR Mid-Atlantic Management Corp., a Delaware corporation
DDR Millenia Plaza LLC, a Delaware limited liability company

DDR MM Mezz LLC, a Delaware limited liability company
DDR MV City Center LLC, a Delaware limited liability company
DDR Nampa LLC, a Delaware limited liability company
DDR Nampa Cinema LLC, a Delaware limited liability company
DDR Nassau Park II Inc., an Ohio corporation
DDR Nassau Pavilion Associates LP, a Georgia limited partnership
DDR Nassau Pavilion Inc., an Ohio corporation
DDR NC Holdings LLC, a Delaware limited liability company
DDR Noble TC Trust, a Delaware statutory trust
DDR Norte LLC, S.E., a Delaware limited liability company
DDR Northern GL West BF LLC, a Delaware limited liability company
DDR Northern GL West TE Co., a Delaware corporation
DDR Northern GL West Trust, a Delaware statutory trust
DDR Northern Richmond Hill BF LLC, a Delaware limited liability company
DDR Northern Richmond Hill TE Co., a Delaware corporation
DDR Northern Richmond Hill Trust, a Delaware statutory trust
DDR Northland Square LLC, a Delaware limited liability company
DDR Northridge Loan LLC, a Delaware limited liability company
DDR Office Flex Corporation, a Delaware corporation
DDR Office Flex LP, an Ohio limited partnership
DDR OG Holdings LLC, a Delaware limited liability company
DDR Ohio Opportunity II LLC, an Ohio limited liability company
DDR Orlando LLC, a Delaware limited liability company
DDR PA Trustee LLC, a Delaware limited liability company
DDR Palm Valley Pavilions LLC, a Delaware limited liability company
DDR Palma Real LLC, S.E., a Delaware limited liability company
DDR Paradise LLC, an Ohio limited liability company
DDR Perimeter Holdings LLC, a Delaware limited liability company
DDR Perimeter Pointe LLC, a Delaware limited liability company
DDR Pool 3 Holdings LLC, a Delaware limited liability company
DDR Poyner Place LP, a Delaware limited partnership
DDR PR GC Ventures LLC, a Delaware limited liability company
DDR PR Ventures LLC, S.E., a Delaware limited liability company
DDR PR Ventures II LLC, a Delaware limited liability company
DDR PR Ventures III LLC, a Delaware limited liability company
DDR Prado LLC, a Delaware limited liability company
DDR Property Management LLC, a Delaware limited liability company
DDR PTC LLC, a Delaware limited liability company
DDR PTC Outparcel LLC, a Delaware limited liability company
DDR Realty Company, a Maryland Real Estate Investment Trust

DDR Reno LLC, a Delaware limited liability company
DDR Retail Real Estate Limited Partnership, an Illinois limited partnership
DDR Rio Hondo LLC, S.E., a Delaware limited liability company
DDR Seabrook LLC, a Delaware limited liability company
DDR Seniorial LLC, S.E., a Delaware limited liability company
DDR Site Work LLC, a Delaware limited liability company
DDR/SKW Grayslake LLC, a Delaware limited liability company
DDR Snellville Holdings LLC, a Delaware limited liability company
DDR Southeast Alliance, L.L.C., a Delaware limited liability company
DDR Southeast Brandon, L.L.C., a Delaware limited liability company
DDR Southeast Capital Crossing LP, a Delaware limited partnership
DDR Southeast Cortez, L.L.C., a Delaware limited liability company
DDR Southeast Duvall, L.L.C., a Delaware limited liability company
DDR Southeast East Hanover, L.L.C., a Delaware limited liability company
DDR Southeast Edgewater, L.L.C., a Delaware limited liability company
DDR Southeast Evansville East Lloyd, L.L.C., a Delaware limited liability company
DDR Southeast Fountains, L.L.C., a Delaware limited liability company
DDR Southeast Greenville Woodruff, L.L.C., a Delaware limited liability company
DDR Southeast Kester Mills, L.L.C., a Delaware limited liability company
DDR Southeast Loisdale, L.L.C., a Delaware limited liability company
DDR Southeast New Tampa Commons, L.L.C., a Delaware limited liability company
DDR Southeast Property Management Corp., a Delaware corporation
DDR Southeast Retail Acquisitions, L.L.C., a Delaware limited liability company
DDR Southeast Retail Real Estate Manager, L.L.C., a Delaware limited liability company
DDR Southeast Sandy Plains, L.L.C., a Delaware limited liability company
DDR Southeast Short Pump, L.L.C., a Delaware limited liability company
DDR Southeast Snellville, L.L.C., a Delaware limited liability company
DDR Southeast Southlake LP, a Delaware limited partnership
DDR Southeast SP Outlot 1, L.L.C., a Delaware limited liability company
DDR Southeast Spring Mall, L.L.C., a Delaware limited liability company
DDR Southeast Sylvania, L.L.C., a Delaware limited liability company
DDR Southeast Tequesta, L.L.C., a Delaware limited liability company
DDR Southeast Union, L.L.C., a Delaware limited liability company
DDR Southeast Visionworks, L.L.C., a Delaware limited liability company
DDR Southeast Wendover LP, a Delaware limited partnership
DDR Southeast Windsor, L.L.C., a Delaware limited liability company
DDR Southern Management Corp., a Delaware corporation
DDR Stone Oak Holdings LLC, a Delaware limited liability company
DDR Tarpon Square LLC, a Delaware limited liability company
DDR TC LLC, a Delaware limited liability company

DDR/Tech 29 Limited Partnership, a Maryland limited partnership (inactive but not dissolved)
DDR Terraces SP LLC, a Delaware limited liability company
DDR Terrell Holdings LLC, a Delaware limited liability company
DDR TRS Lender LLC, a Delaware limited liability company
DDR TS Holdings LLC, a Delaware limited liability company
DDR Tucson Spectrum I LLC, a Delaware limited liability company
DDR Tucson Spectrum II LLC, a Delaware limited liability company
DDR Tucson Spectrum III LLC, a Delaware limited liability company
DDR TX Holdings LLC, a Delaware limited liability company
DDR Urban, Inc., a Delaware corporation
DDR Urban LP, a Delaware limited partnership
DDR Van Ness, Inc., an Ohio corporation
DDR/Van Ness Operating Company, L.P., a Delaware limited partnership
DDR Vega Baja LLC, S.E., a Delaware limited liability company
DDR Walks at Highwood Preserve I LLC, a Delaware limited liability company
DDR Wando Crossing LLC, a Delaware limited liability company
DDR Warner Robins LLC, a Delaware limited liability company
DDR Waterstone LLC, a Delaware limited liability company
DDR WF Holdings LLC, a Delaware limited liability company
DDR WF Oakland LP, a Delaware limited partnership
DDR Willowbrook Plaza LLC, a Delaware limited liability company
DDR Winter Garden LLC, a Delaware limited liability company
DDRA Ahwatukee Foothills LLC, a Delaware limited liability company
DDRA Arrowhead Crossing LLC, a Delaware limited liability company
DDRA Community Centers Eight, L.P., a Delaware limited partnership
DDRA Maple Grove Crossing LLC, a Delaware limited liability
DDRA Tanasbourne Town Center LLC, a Delaware limited liability company
DDRC Gateway LLC, a Delaware limited liability company
DDRC PDK Salisbury LLC, an Ohio limited liability company
DDRC PDK Salisbury IDOT LLC, a Delaware limited liability company
DDRC PDK Salisbury IDOT II LLC, a Delaware limited liability company
DDRC PDK Salisbury Phase III LLC, an Ohio limited liability company
DDRC Pike Entertainment LLC, a California limited liability company
DDRM Aberdeen Square LLC, a Delaware limited liability company
DDRM Apple Blossom Corners LLC, a Delaware limited liability company
DDRM Bardmoor Shopping Center LLC, a Delaware limited liability company
DDRM Casselberry Commons LLC, a Delaware limited liability company
DDRM Chickasaw Trails Shopping Center LLC, a Delaware limited liability company
DDRM Citrus Hills LLC, a Delaware limited liability company
DDRM Clayton Corners LLC, a Delaware limited liability company

DDRM Clearwater Crossing LLC, a Delaware limited liability company
DDRM Cofer Crossing LLC, a Delaware limited liability company
DDRM Conway Plaza LLC, a Delaware limited liability company
DDRM Countryside LLC, a Delaware limited liability company
DDRM Creekwood Crossing LLC, a Delaware limited liability company
DDRM Crossroads Plaza LLC, a Delaware limited liability company
DDRM Crystal Springs Shopping Center LLC, a Delaware limited liability company
DDRM Derby Square LLC, a Delaware limited liability company
DDRM Fayetteville Pavilion LLC, a Delaware limited liability company
DDRM Flamingo Falls LLC, a Delaware limited liability company
DDRM Hairston Crossing LLC, a Delaware limited liability company
DDRM Harundale Plaza LLC, a Delaware limited liability company
DDRM Heather Island Plaza LLC, a Delaware limited liability company
DDRM Highland Grove LLC, a Delaware limited liability company
DDRM Hilliard Rome LLC, a Delaware limited liability company
DDRM Hilliard Rome SPE LLC, a Delaware limited liability company
DDRM Hilltop Plaza GP LLC, a Delaware limited liability company
DDRM Hilltop Plaza LP, a Delaware limited partnership
DDRM Holdings Pool 1 LLC, a Delaware limited liability company
DDRM Holdings Pool 2 LLC, a Delaware limited liability company
DDRM Holdings Pool 3 LLC, a Delaware limited liability company
DDRM Killearn Shopping Center LLC, a Delaware limited liability company
DDRM Lakewood Ranch LLC, a Delaware limited liability company
DDRM Largo Town Center LLC, a Delaware limited liability company
DDRM Market Square LLC, a Delaware limited liability company
DDRM Meadowmont Village Center LLC, a Delaware limited liability company
DDRM Melbourne Shopping Center LLC, a Delaware limited liability company
DDRM Midway Plaza LLC, a Delaware limited liability company
DDRM North Pointe Plaza LLC, a Delaware limited liability company
DDRM Northlake Commons LLC, a Delaware limited liability company
DDRM Oviedo Park Crossing LLC, a Delaware limited liability company
DDRM Paraiso Plaza LLC, a Delaware limited liability company
DDRM Plaza del Paraiso LLC, a Delaware limited liability company
DDRM Properties LLC, a Delaware limited liability company
DDRM River Run LLC, a Delaware limited liability company
DDRM Riverdale Shops LLC, a Delaware limited liability company
DDRM Riverstone Plaza LLC, a Delaware limited liability company
DDRM Rosedale Shopping Center LLC, a Delaware limited liability company
DDRM Sexton Commons LLC, a Delaware limited liability company
DDRM Sharon Greens LLC, a Delaware limited liability company

DDRM Sharon Greens Outlot LLC, a Delaware limited liability company
DDRM Sheridan Square LLC, a Delaware limited liability company
DDRM Shoppes at Lake Dow LLC, a Delaware limited liability company
DDRM Shoppes at New Tampa LLC, a Delaware limited liability company
DDRM Shoppes at Paradise Pointe LLC, a Delaware limited liability company
DDRM Shoppes of Ellenwood LLC, a Delaware limited liability company
DDRM Shoppes of Golden Acres LLC, a Delaware limited liability company
DDRM Shoppes of Lithia LLC, a Delaware limited liability company
DDRM Shops at Oliver's Crossing LLC, a Delaware limited liability company
DDRM Skyview Plaza LLC, a Delaware limited liability company
DDRM Southwood Plantation LLC, a Delaware limited liability company
DDRM Springfield Commons LLC, a Delaware limited liability company
DDRM Village Square at Golf LLC, a Delaware limited liability company
DDRM West Falls Plaza LLC, a Delaware limited liability company
DDRM West Oaks Towne Center LLC, a Delaware limited liability company
DDR-SAU Atlanta Brookhaven, L.L.C., a Delaware limited liability company
DDR-SAU Atlanta Cascade, L.L.C., a Delaware limited liability company
DDR-SAU Atlanta Cascade Corners, L.L.C., a Delaware limited liability company
DDR-SAU Canton Hickory, L.L.C., a Delaware limited liability company
DDR-SAU Decatur Flat Shoals, L.L.C., a Delaware limited liability company
DDR-SAU Greenville Pointe, L.L.C., a Delaware limited liability company
DDR-SAU Lewandowski, L.L.C., a Delaware limited liability company
DDR-SAU Memphis American Way, L.L.C., a Delaware limited liability company
DDR-SAU Morristown Crossroads, L.L.C., a Delaware limited liability company
DDR-SAU Myrtle Beach Carolina Forest, L.L.C., a Delaware limited liability company
DDR-SAU Myrtle Beach Carolina Forest Outparcels, L.L.C., a Delaware limited liability company
DDR-SAU Pasadena Red Bluff Limited Partnership, a Delaware limited partnership
DDR-SAU Retail Fund, L.L.C., a Delaware limited liability company
DDR-SAU Stone Mountain Deshon, L.L.C., a Delaware limited liability company
DDR-SAU Virginia Beach Republic, L.L.C., a Delaware limited liability company
DDR-SAU Wendover Phase II, L.L.C., a Delaware limited liability company
DDRTC Alexander Place LLC, a Delaware limited liability company
DDRTC Barrett Pavilion LLC, a Delaware limited liability company
DDRTC Bellevue Place SC LLC, a Delaware limited liability company
DDRTC Birkdale Village LLC, a Delaware limited liability company
DDRTC Columbiana Station I LLC, a Delaware limited liability company
DDRTC Columbiana Station II LLC, a Delaware limited liability company
DDRTC Core Retail Fund, LLC, a Delaware limited liability company
DDRTC CP LLC, a Delaware limited liability company
DDRTC Creeks at Virginia Center LLC, a Delaware limited liability company

DDRTC Cypress Trace LLC, a Delaware limited liability company
DDRTC Eisenhower Crossing LLC, a Delaware limited liability company
DDRTC Fayette Pavilion I and II LLC, a Delaware limited liability company
DDRTC Fayette Pavilion III and IV LLC, a Delaware limited liability company
DDRTC Heritage Pavilion LLC, a Delaware limited liability company
DDRTC Hillsboro Square LLC, a Delaware limited liability company
DDRTC Holdings Pool 1 LLC, a Delaware limited liability company
DDRTC Holdings Pool 2 LLC, a Delaware limited liability company
DDRTC Holdings Pool 3 LLC, a Delaware limited liability company
DDRTC Holdings Pool 4 LLC, a Delaware limited liability company
DDRTC Holdings Pool 5 LLC, a Delaware limited liability company
DDRTC Holdings Pool 6 LLC, a Delaware limited liability company
DDRTC Holdings Pool 7 LLC, a Delaware limited liability company
DDRTC Market Place LLC, a Delaware limited liability company
DDRTC Marketplace at Mill Creek LLC, a Delaware limited liability company
DDRTC McFarland Plaza LLC, a Delaware limited liability company
DDRTC Newnan Pavilion LLC, a Delaware limited liability company
DDRTC Overlook at King of Prussia LLC, a Delaware limited liability company
DDRTC River Ridge LLC, a Delaware limited liability company
DDRTC Shoppes at Lake Mary LLC, a Delaware limited liability company
DDRTC T&C LLC, a Delaware limited liability company
DDRTC Turkey Creek LLC, a Delaware limited liability company
DDRTC Village Crossing LLC, a Delaware limited liability company
DDRTC Village Crossing Phase III LLC, a Delaware limited liability company
DDRTC Warwick Center LLC, a Delaware limited liability company
DDRTC Westside Centre LLC, a Delaware limited liability company
DDRTC Winslow Bay Commons LLC, a Delaware limited liability company
DDRTC Woodstock Square LLC, a Delaware limited liability company
Developers Diversified of Alabama, Inc., an Ohio corporation
Developers Diversified Centennial Promenade LP, an Ohio limited partnership
Developers Diversified of Mississippi, Inc., an Ohio corporation
Diversified Construction LLC, a Delaware limited liability company
Easton Market Limited Liability Company, a Delaware limited liability company
EMOP LLC, a Delaware limited liability company
Energy Management Development Services LLC, a Delaware limited liability company
FT. Collins Partners I, LLC, a Colorado limited liability company
GS Boardman LLC, a Delaware limited liability company
GS Brentwood LLC, a Delaware limited liability company
GS Centennial LLC, a Delaware limited liability company
GS DDR LLC, an Ohio limited liability company

GS Erie DST, a Delaware statutory trust
GS II Big Oaks LLC, a Delaware limited liability company
GS II DDR LLC, an Ohio limited liability company
GS II Green Ridge LLC, a Delaware limited liability company
GS II Meridian Crossroads LLC, a Delaware limited liability company
GS II University Centre LP, a Delaware limited partnership
GS II Uptown Solon LLC, a Delaware limited liability company
GS University Centre Outparcel LP, a Delaware limited partnership
Hagerstown TIF LLC, an Ohio limited liability company
Hendon/Atlantic Rim Johns Creek, LLC, a Georgia limited liability company
Hermes Associates, a Utah general partnership
Hermes Associates, Ltd., a Utah limited partnership
Historic Van Ness LLC, a California limited liability company
JDN Development Company, Inc., a Delaware Corporation
JDN Development Company Holdings LLC, a Delaware limited liability company
JDN Development Investment, L.P., a Georgia limited partnership
JDN Development LP LLC, a Delaware limited liability company
JDN Hamilton GP LLC, a Delaware limited liability company
JDN Intermountain Development, Parker Pavilion, LLC, a Georgia limited liability company
JDN QRS LLC, a Delaware limited liability company
JDN Real Estate - Conyers, L.P., a Georgia limited partnership
JDN Real Estate - Cumming, L.P., a Georgia limited partnership
JDN Real Estate - Freehold, L.P., a Georgia limited partnership
JDN Real Estate - Hamilton, L.P., a Georgia limited partnership
JDN Real Estate - Lakeland, L.P., a Georgia limited partnership
JDN Real Estate - Overland Park, L.P., a Georgia limited partnership
JDN Real Estate - Parker Pavilions, L.P., a Georgia limited partnership
JDN Real Estate - Stone Mountain, L.P., a Georgia limited partnership
JDN Real Estate - West Lansing, L.P., a Georgia limited partnership
JDN Realty Corporation, a Maryland corporation
JDN Realty Holdings, L.P., a Georgia limited partnership
JDN Realty Investment, L.P., a Georgia limited partnership
JDN Realty LP LLC, a Delaware limited liability company
JDN West Allis Associates Limited Partnership, a Georgia limited partnership
Lennox Straw Entity LLC, a Delaware limited liability company
Lennox Town Center Limited, an Ohio limited liability company
Manatee Liquidating Holdco 2 LLC, a Delaware limited liability company
Merriam Town Center Ltd., an Ohio limited liability company
Mountain Vista Real Estate Opportunity Fund I, LLC, a Delaware limited liability company
Mt. Nebo Pointe LLC, an Ohio limited liability company

MV Bloomfield LLC, a Delaware limited liability company
National Property Protection Company, a Vermont corporation
Parcel J-1B Limited Partnership, a Virginia limited partnership (inactive but not dissolved)
Paseo Colorado Holdings LLC, a Delaware limited liability company
PR II Deer Park Town Center LLC, a Delaware limited liability company
Retail Value Inc., an Ohio corporation
Retail Value Investment Program Limited Partnership IIB, a Delaware limited partnership
Retail Value Investment Program IIC Limited Partnership, a Delaware limited partnership
Retail Value TRS LLC, a Delaware limited liability company
Riverdale Retail Associates, L.C., a Utah limited liability company
RVI CMA Holder LLC, a Delaware limited liability company
RVI Holdco LLC, a Delaware limited liability company
RVI PTTA #1 LLC, a Delaware limited liability company
RVI PTTA #2 LLC, a Delaware limited liability company
RVI PTTA #3 LLC, a Delaware limited liability company
RVI PTTA #4 LLC, a Delaware limited liability company
RVI PTTA #5 LLC, a Delaware limited liability company
RVI PTTA #6 LLC, a Delaware limited liability company
RVI PTTA #7 LLC, a Delaware limited liability company
RVI PTTA #8 LLC, a Delaware limited liability company
RVI PTTA #9 LLC, a Delaware limited liability company
RVI PTTA #10 LLC, a Delaware limited liability company
RVI PTTA #11 LLC, a Delaware limited liability company
RVI PTTA #12 LLC, a Delaware limited liability company
RVI PTTA #13 LLC, a Delaware limited liability company
RVI PTTA #14 LLC, a Delaware limited liability company
RVI PTTA #15 LLC, a Delaware limited liability company
RVI PTTA #16 LLC, a Delaware limited liability company
RVI PTTA #17 LLC, a Delaware limited liability company
RVI PTTA #18 LLC, a Delaware limited liability company
RVI PTTA #19 LLC, a Delaware limited liability company
RVI PTTA #20 LLC, a Delaware limited liability company
RVI PTTA #21 LLC, a Delaware limited liability company
RVI PTTA #22 LLC, a Delaware limited liability company
RVI PTTA #23 LLC, a Delaware limited liability company
RVI PTTA #24 LLC, a Delaware limited liability company
RVI PTTA #25 LLC, a Delaware limited liability company
RVI PTTA #26 LLC, a Delaware limited liability company
RVI PTTA #27 LLC, a Delaware limited liability company
RVI PTTA #28 LLC, a Delaware limited liability company

RVI PTTA #29 LLC, a Delaware limited liability company
RVI PTTA #30 LLC, a Delaware limited liability company
RVI PTTA #31 LLC, a Delaware limited liability company
RVI PTTA #32 LLC, a Delaware limited liability company
RVI PTTA #33 LLC, a Delaware limited liability company
RVI PTTA #34 LLC, a Delaware limited liability company
RVI PTTA #35 LLC, a Delaware limited liability company
RVI PTTA #36 LLC, a Delaware limited liability company
RVI PTTA #37 LLC, a Delaware limited liability company
RVI PTTA #38 LLC, a Delaware limited liability company
RVI PTTA #39 LLC, a Delaware limited liability company
RVI PTTA #40 LLC, a Delaware limited liability company
RVT Brandon Boulevard Shoppes LLC, a Delaware limited liability company
RVT Caribbean Property Management LLC, a Delaware limited liability company
RVT Carolina Crossings GP LLC, a Delaware limited liability company
RVT East Lloyd Commons LLC, a Delaware limited liability company
RVT Erie Marketplace LLC, a Delaware limited liability company
RVT Hamilton Commons LLC, a Delaware limited liability company
RVT Hendersonville TN LLC, a Delaware limited liability company
RVT Homestead Pavilion LLC, a Delaware limited liability company
RVT Kyle Crossing LLC, a Delaware limited liability company
RVT Lake Walden Square LLC, a Delaware limited liability company
RVT Mezz Borrower 1 LLC, a Delaware limited liability company
RVT Mezz Borrower 2 LLC, a Delaware limited liability company
RVT MS Holding Corporation Inc., a Delaware corporation
RVT MS Mezz Borrower 1 LLC, a Delaware limited liability company
RVT MS Mezz Borrower 2 LLC, a Delaware limited liability company
RVT Newnan Crossing LLC, a Delaware limited liability company
RVT Noble Town Center LLC, a Delaware limited liability company
RVT Pavilion at Shoppers World LLC, a Delaware limited liability company
RVT Peach Street Square I LLC, a Delaware limited liability company
RVT PR Mezz Borrower 1 LLC, a Delaware limited liability company
RVT PR Mezz Borrower 2 LLC, a Delaware limited liability company
RVT PR Mezz Borrower 3 LLC, a Delaware limited liability company
RVT Silver Spring Square LLC, a Delaware limited liability company
RVT Tequesta Shoppes LLC, a Delaware limited liability company
RVT TRS Mezz Borrower 1 LLC, a Delaware limited liability company
RVT TRS Mezz Borrower 2 LLC, a Delaware limited liability company
RVT West Allis Center LLC, a Delaware limited liability company
RVT Wrangleboro Consumer Square LLC, a Delaware limited liability company

Shea and Tatum Associates Limited Partnership, an Arizona limited partnership
ShoreSales LLC, a Delaware limited liability company
S&T Property LLC, a Delaware limited liability company
Sun Center Limited, an Ohio limited liability company
TFCM Associates, LLC, a Utah limited liability company
USAA Income Properties IV Trust, a trust organized and existing in Massachusetts

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-205059, 333-205071) and Form S-8 (Nos. 333-108681, 333-117069, 333-147270, 333-162453, 333-181442) of DDR Corp. of our report dated February 26, 2018 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Cleveland, Ohio
February 26, 2018

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-205059, 333-205071) and Form S-8 (Nos. 333-108681, 333-117069, 333-147270, 333-162453, 333-181442) of DDR Corp. of our report dated February 21, 2017 relating to the financial statements of DDR-SAU Retail Fund, L.L.C., which appears in this Annual Report on Form 10-K of DDR Corp.

/s/ PricewaterhouseCoopers LLP
Cleveland, Ohio
February 26, 2018

CERTIFICATIONS

I, David R. Lukes, certify that:

1. I have reviewed this Annual Report on Form 10-K of DDR Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 26, 2018

Date

/s/ David R. Lukes

David R. Lukes

President and Chief Executive Officer

CERTIFICATIONS

I, Matthew L. Ostrower, certify that:

1. I have reviewed this Annual Report on Form 10-K of DDR Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 26, 2018

Date

/s/ Matthew L. Ostrower

Matthew L. Ostrower

Executive Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, David R. Lukes, President and Chief Executive Officer of DDR Corp. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Annual Report on Form 10-K of the Company for the period ended December 31, 2017, as filed with the Securities and Exchange Commission (the “Report”), which this certification accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ David R. Lukes

David R. Lukes
President and Chief Executive Officer
February 26, 2018

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Matthew L. Ostrower, Executive Vice President and Chief Financial Officer of DDR Corp. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Annual Report on Form 10-K of the Company for the period ended December 31, 2017, as filed with the Securities and Exchange Commission (the "Report"), which this certification accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Matthew L. Ostrower

Matthew L. Ostrower
Executive Vice President and Chief Financial Officer
February 26, 2018

DDR-SAU Retail Fund, L.L.C.
Consolidated Financial Statements

For the Years Ended December 31, 2017, 2016, and 2015
(Information for the Years Ended December 2017
and 2015 not Covered by Auditor's Report)

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Report of Independent Auditors

To the Management of DDR-SAU Retail Fund, L.L.C.

We have audited the accompanying consolidated financial statements of DDR-SAU Retail Fund, L.L.C. and its subsidiaries, which comprise the consolidated balance sheet as of December 31, 2016, and the related consolidated statements of operations, of members' capital and of cash flows for the year then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of DDR-SAU Retail Fund, L.L.C. and its subsidiaries as of December 31, 2016, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The accompanying consolidated balance sheet of DDR-SAU Retail Fund, L.L.C. and its subsidiaries as of December 31, 2017, and the related consolidated statements of operations, of members' capital and of cash flows for the years ended December 31, 2017 and 2015 are presented for purposes of complying with Rule 3-09 of SEC Regulation S-X; however, Rule 3-09 does not require the 2017 and 2015 financial statements to be audited and they are therefore not covered by this report.

/s/ PricewaterhouseCoopers LLP
Cleveland, Ohio
February 21, 2017

DDR-SAU Retail Fund, L.L.C.**Consolidated Balance Sheets****As of December 31, 2017 and 2016 (December 31, 2017 not Covered by Auditor's Report)**

(in thousands)

	December 31,	
	2017	2016
Assets		
Real estate rental property:		
Land	\$ 31,257	\$ 31,880
Building and building improvements	93,937	95,318
Tenant improvements	8,301	8,159
	<u>133,495</u>	<u>135,357</u>
Less: Accumulated depreciation	(42,843)	(38,742)
Real estate, net	90,652	96,615
Cash and cash equivalents	1,660	2,245
Accounts receivable, net	1,759	1,921
Deferred lease costs, net of accumulated amortization of \$583 as of 2017 and \$501 as of 2016	440	472
Intangible assets, net of accumulated amortization of \$11,639 as of 2017 and \$11,216 as of 2016	2,491	3,008
Prepaid expenses	820	12
Total assets	<u>\$ 97,822</u>	<u>\$ 104,273</u>
Liabilities and Members' Capital		
Mortgages payable, net (Note 4)	\$ 59,148	\$ 60,381
Accrued real estate taxes	253	242
Prepaid tenant rents	219	206
Accounts payable and other accrued liabilities, net	397	483
Tenant security deposits	338	314
Total liabilities	<u>60,355</u>	<u>61,626</u>
Commitments and contingencies (Note 6)		
Members' capital	37,467	42,647
Total liabilities and member's capital	<u>\$ 97,822</u>	<u>\$ 104,273</u>

The accompanying notes are an integral part of these consolidated financial statements.

DDR-SAU Retail Fund, L.L.C.
Consolidated Statements of Operations
For the Years Ended December 31, 2017, 2016, and 2015
(Years Ended December 31, 2017 and 2015 not Covered by Auditor's Report)
(in thousands)

	For the Year Ended December 31,		
	2017	2016	2015
Revenues from operations:			
Minimum rents	\$ 11,073	\$ 11,391	\$ 22,779
Percentage and overage rents	3	3	13
Recoveries from tenants	3,729	4,235	6,588
Ancillary and other income	138	99	1,375
Total revenues	<u>14,943</u>	<u>15,728</u>	<u>30,755</u>
Rental operation expenses:			
Operating and maintenance	2,228	2,208	4,315
Real estate taxes	2,250	1,864	3,619
Asset management fees (Note 5)	222	231	466
Management fees (Note 5)	680	683	1,303
General and administrative	198	212	437
Depreciation and amortization	4,760	4,751	10,299
Impairment charge (Note 8)	2,160	—	—
Total expenses	<u>12,498</u>	<u>9,949</u>	<u>20,439</u>
Operating income	<u>2,445</u>	<u>5,779</u>	<u>10,316</u>
Other expense:			
Interest expense	(2,808)	(3,037)	(7,219)
Total other expense	<u>(2,808)</u>	<u>(3,037)</u>	<u>(7,219)</u>
(Loss) income from continuing operations	(363)	2,742	3,097
Gain on disposition of real estate, net	—	53,556	—
Net (loss) income	<u>\$ (363)</u>	<u>\$ 56,298</u>	<u>\$ 3,097</u>

The accompanying notes are an integral part of these consolidated financial statements.

DDR-SAU Retail Fund, L.L.C.
Consolidated Statements of Members' Capital
For the Years Ended December 31, 2017, 2016, and 2015
(Years Ended December 31, 2017 and 2015 not Covered by Auditor's Report)
(in thousands)

	<u>Total</u>
Balance at December 31, 2014	\$ 70,495
Distributions	(4,010)
Net income	<u>3,097</u>
Balance at December 31, 2015	\$ 69,582
Distributions	(83,233)
Net income	<u>56,298</u>
Balance at December 31, 2016	\$ 42,647
Distributions	(4,817)
Net loss	<u>(363)</u>
Balance at December 31, 2017	<u>\$ 37,467</u>

The accompanying notes are an integral part of these consolidated financial statements.

DDR-SAU Retail Fund, L.L.C.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2017, 2016, and 2015
(Years Ended December 31, 2017 and 2015 not Covered by Auditor's Report)
(in thousands)

	For the Year Ended December 31,		
	2017	2016	2015
Cash flow from operating activities:			
Net (loss) income	\$ (363)	\$ 56,298	\$ 3,097
Adjustments to reconcile net (loss) income to net cash flow provided by operating activities:			
Depreciation and amortization	4,760	4,751	10,299
Amortization of deferred financing costs	—	1	1
Amortization of above- and below-market leases	75	75	(10)
Impairment charge	2,160	—	—
Gain on disposition of real estate, net	—	(53,556)	—
Change in operating assets and liabilities:			
Accounts receivable, net	162	184	(104)
Prepaid expenses	(808)	(40)	16
Accrued real estate taxes	11	(4)	(346)
Prepaid tenant rents	13	(365)	34
Accounts payable and other accrued liabilities, net	7	(106)	(18)
Tenant security deposits	24	5	56
Total adjustments	<u>6,404</u>	<u>(49,055)</u>	<u>9,928</u>
Net cash flow provided by operating activities	<u>6,041</u>	<u>7,243</u>	<u>13,025</u>
Cash flow from investing activities:			
Construction of and improvements to real estate and related assets	(521)	(1,321)	(5,000)
Payment of lease procurement costs	(55)	(129)	(317)
Proceeds from disposition of real estate	—	167,525	—
Net cash flow (used in) provided by investing activities	<u>(576)</u>	<u>166,075</u>	<u>(5,317)</u>
Cash flow from financing activities:			
Payments of mortgages payable	(1,219)	(91,018)	(4,181)
Payments of deferred financing costs	(14)	—	—
Distributions to Members	(4,817)	(83,233)	(4,010)
Net cash flow used in financing activities	<u>(6,050)</u>	<u>(174,251)</u>	<u>(8,191)</u>
Net change in cash and cash equivalents	(585)	(933)	(483)
Cash and cash equivalents, beginning of year	2,245	3,178	3,661
Cash and cash equivalents, end of year	<u>\$ 1,660</u>	<u>\$ 2,245</u>	<u>\$ 3,178</u>

The accompanying notes are an integral part of these consolidated financial statements.

DDR-SAU Retail Fund, L.L.C.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2017, 2016, and 2015
(Years Ended December 31, 2017 and 2015 not Covered by Auditor's Report)
(in thousands)

Supplemental disclosure of non-cash investing and financing activities:

	For the Year Ended December 31					
	2017		2016		2015	
Write-off of fully amortized tenant improvements	\$	117	\$	8	\$	179
Write-off of fully amortized deferred lease costs		18		—		17
Write-off of fully amortized intangible assets		94		14		73
Improvements to real estate included in accounts payable		4		110		269
Lease procurement costs included in accounts payable		13		—		7

The foregoing transactions did not provide or use cash and, accordingly, they are not reflected in the consolidated statements of cash flows.

The accompanying notes are an integral part of these consolidated financial statements.

DDR-SAU Retail Fund, L.L.C.

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2017, 2016, and 2015 (Information for the Years Ended December 31, 2017 and 2015 not Covered by Auditor's Report)

1. Organization of Company

Background

DDR-SAU Retail Fund, L.L.C. (the "Company") was formed May 13, 2005. The Company is a joint venture between DDR Retail Real Estate L.P. ("DDRRELP" and Special Account-U, L.P. ("SAU") which is owned by Utah State Retirement Investment Fund ("USRIF"), collectively referred to as the "Members". All references within to "the Non-SAU Member" are in reference to DDRRELP, which is a wholly-owned subsidiary of DDR Corp. ("DDR").

The Non-SAU Member is responsible for the day-to-day management of the Company as the Managing Member. The Company has engaged DDR Property Management LLC ("DDRPM"), a wholly-owned subsidiary of DDR, and DDR to act as the Property Manager. Effective July 1, 2015, the asset management and property management fees that were attributable to DDRPM were both assigned to DDR.

Nature of Business

The Company is engaged in the business of owning and operating shopping centers. The tenant base includes primarily national retail chains and local retailers. Consequently, the Company's credit risk is concentrated in the retail industry. Adverse changes in general or local economic conditions could result in the inability of some existing tenants of the Company to meet their lease obligations and could adversely affect the Company's ability to attract and retain tenants.

Revenues derived from the Company's largest tenant aggregated 14.2%, 19.2%, and 17.3% of total revenues, respectively, for the years ended December 31, 2017, 2016 and 2015.

The Properties

The Company owned 12 properties (the "Properties") in five states at December 31, 2017 and 2016. The Company owned 23 properties in eight states as of December 31, 2015. The total leasable area of the Properties is 1.0 million square feet (unaudited), 1.0 million square feet (unaudited), and 2.0 million square feet (unaudited) as of December 31, 2017, 2016 and 2015, respectively.

During the year ended December 31, 2016, the Company sold eleven properties and received net proceeds of \$167.5 million. A portion of the net proceeds was utilized to pay down \$89.4 million of mortgages payable.

DDR-SAU Retail Fund, L.L.C.

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2017, 2016, and 2015 (Information for the Years Ended December 31, 2017 and 2015 not Covered by Auditor's Report)

Significant Membership Terms

The Company's profit and loss for each year is to be allocated to SAU and the Non-SAU Member in amounts necessary to cause their respective capital accounts to reflect the distribution of cash flow from a hypothetical liquidation of the Company's assets and liabilities. However, in any year the Non-SAU Member is paid an incentive distribution upon reaching certain internal rate of return thresholds, as defined within the operating agreement, the Non-SAU Member will receive a special allocation in an amount equal to such incentive distribution. Additionally, any special allocations to the Non-SAU Member will reduce profit or increase the loss to be allocated to the SAU and the Non-SAU Member.

Cash flow from the operations of the Properties is to be distributed monthly to SAU and the Non-SAU Member according to their percentage interests, currently 80% and 20%, respectively. Cash flows from major capital events, as defined, through the year ended December 31, 2017 were distributed in accordance with the members' percentage interests as the internal rate of return threshold was not met. The membership agreement permits either Member to offer to acquire for a stated amount, as defined, the other Member's interest in the Company.

2. Summary of Significant Accounting Principles

Principles of Consolidation

The consolidated financial statements include the accounts of DDR-SAU Retail Fund, L.L.C. and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Real Estate

Real estate assets are stated at cost less accumulated depreciation. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the tangible assets as follows:

Building and building improvements	5 to 30 years
Tenant improvements	Useful lives, which approximate lease terms, where applicable

Depreciation expense was \$4.2 million, \$4.2 million, and \$8.9 million, which includes \$20,278, none, and \$10,648, related to the write-off of unamortized basis of tenant improvements associated with the early termination of tenant leases for the years ended December 31, 2017, 2016 and 2015, respectively. Expenditures for maintenance and repairs are charged to operations as incurred. Significant expenditures that improve or extend the life of the asset are capitalized.

DDR-SAU Retail Fund, L.L.C.

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2017, 2016, and 2015 (Information for the Years Ended December 31, 2017 and 2015 not Covered by Auditor's Report)

The Company reviews its real estate assets for potential impairment indicators whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An asset is considered impaired when the undiscounted future cash flows are not sufficient to recover the asset's carrying value. The determination of undiscounted cash flows requires significant estimates made by management and is based on the most likely expected course of action at the balance sheet date based on current plans, intended holding periods and available market information. The determination of anticipated cash flows is inherently subjective and is based, in part, on assumptions regarding holding periods, future occupancy, rental rates and capital requirements that could differ materially from actual results. If such impairment is present, an impairment loss is recognized based on the excess of the carrying amount of the asset over its fair value. See Note 8 for a discussion related to the impairment charge recorded during 2017.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company maintains cash deposits with a major financial institution from which time to time may exceed federally insured limits. The Company periodically assesses the financial condition of the institution and believes that risk of loss is minimal.

Deferred Financing Costs

Costs incurred in obtaining the Company's mortgages payable (Note 4) are capitalized and amortized into interest expense over the term of the mortgage on a straight-line basis, which approximates the effective yield method. The net cost is reflected as a reduction of mortgages payable in the consolidated balance sheets. Amortization expense was \$452, \$679, and \$1,526 for the years ended December 31, 2017, 2016 and 2015, respectively.

Deferred Lease Costs

Deferred lease costs represent direct costs paid to enter into tenant leases and are amortized over the related lease term. Amortization expense was \$100,005, \$105,966, and \$238,693 which include none, none, and \$3,635, related to the write-off of unamortized costs associated with the early termination of tenant leases for the years ended December 31, 2017, 2016 and 2015, respectively.

DDR-SAU Retail Fund, L.L.C.**Notes to Consolidated Financial Statements****For the Years Ended December 31, 2017, 2016, and 2015 (Information for the Years Ended December 31, 2017 and 2015 not Covered by Auditor's Report)***Intangible Assets and Liabilities*

Intangible assets and liabilities (in the case of below-market leases) generally consist of in-place leases, above-market leases, and below-market leases, which were recorded at the time of acquisition of certain properties. The value of in-place leases and tenant relationships are amortized to depreciation and amortization expense over the weighted-average remaining initial term of the lease (and expected renewal periods for tenant relationships); however, no amortization period for the intangible assets will exceed the remaining depreciable life of the building. Above- or below-market leases are amortized over the remaining life of the respective leases (plus fixed-rate renewal periods for below-market leases) as a decrease or increase to minimum rents, respectively.

The Company's intangible assets and liabilities are comprised as follows (in thousands):

	Net Carrying Value at December 31,		Useful Lives	Amortization – For the Year Ended December 31,		
	2017	2016		2017	2016	2015
In-place leases (1)	\$ 2,300	\$ 2,742	1-20 yrs	\$ 442	\$ 447	\$ 1,150
Above-market leases	191	266	2-15 yrs	75	75	75
	\$ 2,491	\$ 3,008				
Below-market leases (2)	\$ —	\$ —	3-7 yrs	\$ —	\$ —	\$ (85)

(1) Includes value allocated to in-place leases and tenant relationships

(2) Amounts included in Accounts payable and other accrued liabilities, net in the consolidated balance sheets

The estimated amortization expense pertaining to the Company's finite-lived intangible assets for the subsequent five years ending December 31 is as follows (in thousands):

2018	\$ 506
2019	506
2020	363
2021	163
2022	163

In the event that a tenant terminates its lease, the respective unamortized portion of the related intangible value is written off as an adjustment to revenue or expense, as appropriate.

DDR-SAU Retail Fund, L.L.C.

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2017, 2016, and 2015 (Information for the Years Ended December 31, 2017 and 2015 not Covered by Auditor's Report)

Revenue Recognition

Minimum rents from tenants are recognized using the straight-line method over the lease term. Overage rents are recognized after the reported tenant sales have exceeded the applicable sales breakpoint. Revenues associated with the expense reimbursements from tenants are recognized in the period in which the expenses are incurred based upon the tenant lease provisions. Lease termination fees are recognized upon the effective termination of a tenant's lease when the Company has no further obligation under the lease.

Income Taxes

No provision has been made in the accompanying consolidated financial statements for any federal income taxes since each item of income, gain, loss, deduction, or credit is reportable by the Members in their respective income tax returns. The statutes of limitations for income tax returns remain open for the years 2014 through 2017. The Company had no uncertain tax positions at December 31, 2017 and 2016. The Tax Cuts and Jobs Act was enacted on December 22, 2017. Given the pass-through nature of the Company, the consolidated financial statements were not impacted by such changes in tax laws.

Interest

Interest paid aggregated \$2.8 million, \$3.0 million, and \$7.2 million for years ended December 31, 2017, 2016 and 2015, respectively.

Disposition of Real Estate

Gains from dispositions are recognized using the full accrual or partial sale methods, provided that various criteria relating to the terms of sale and any subsequent involvement by the Company with the properties sold are met. If the criteria for sale recognition or gain recognition are not met because of a form of continuing involvement, the accounting for such transactions is dependent on the nature of the continuing involvement or cash flows. In certain cases, a sale might not be recognized, and in others all or a portion of the gain might be deferred.

Use of Estimates in Preparation of Financial Statements

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

New Accounting Standards to Be Adopted

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The objective of ASU No. 2014-09 is to establish a single comprehensive five-step model for entities to use in accounting for revenue arising from contracts with customers that will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The core principle of this standard is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2014-09 applies to all contracts with customers except those that are within the scope of other topics in the FASB Accounting Standards Codification ("ASC"). The new guidance is effective for annual reporting periods beginning after December 15, 2018 with early adoption permitted. Entities have the option of using either a full retrospective or modified retrospective approach to adopt ASU No. 2014-09. The Company will adopt the standard using the modified retrospective approach for financial statements issued after January 1, 2018.

Most significantly for the real estate industry, leasing transactions are not within the scope of the new standard. A majority of the Company's tenant-related revenue is recognized pursuant to lease agreements and will be governed by the leasing guidance discussed below. The Company completed its assessment of ASU No. 2014-09 and has concluded that the guidance will not have a material impact to the Company's financial statements.

Accounting for Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this update govern a number of areas including, but not limited to, accounting for leases, replacing the existing guidance in ASC No. 840, *Leases*. Under this standard, among other changes in practice, a lessee's rights and obligations under most leases, including existing and new arrangements, would be recognized as assets and liabilities, respectively, on the balance sheet. Other significant provisions of this standard include (i) defining the "lease term" to include the non-cancelable period together with periods for which there is a significant economic incentive for the lessee to extend or not terminate the lease; (ii) defining the initial lease liability to be recorded on the balance sheet to contemplate only those variable lease payments that depend on an index or that are in substance "fixed"; (iii) a dual approach for determining whether lease expense is recognized on a straight-line or accelerated basis, depending on whether the lessee is expected to consume more than an insignificant portion of the leased asset's economic benefits and (iv) a requirement to bifurcate certain lease and non-lease components. The lease standard is effective for fiscal years beginning after December 15, 2019 with early adoption permitted. The Company will adopt the standard using the modified retrospective approach for financial statements issued after January 1, 2019.

The Company is in the process of evaluating the impact that the adoption of ASU No. 2016-02 will have on its consolidated financial statements and disclosures. The Company has currently identified two areas within its accounting policies it believes could be impacted by the new standard. First, the Company may have a change in presentation on its consolidated statements of operations with regards to Recoveries from tenants, which includes reimbursements from tenants for certain operating expenses, real estate taxes and insurance. Tenant expense reimbursements with a service obligation are not covered within the scope of ASU No. 2016-02. The Company also has certain lease arrangements with its tenants for space at its shopping centers in which the contractual amounts due under the lease by the lessee are not allocated between the rental and expense reimbursement components ("Gross Leases"). The aggregate revenue earned under Gross Leases is presented as Minimum rents in the consolidated statements of operations. As a result, the Company anticipates under the currently issued standard, it will be required to bifurcate the presentation of certain expense reimbursements as well as allocate the fair value of the embedded revenue associated with these reimbursements for Gross Leases, which represent an immaterial portion of the Company's lease portfolio, and separately present such amounts in its consolidated statements of operations based upon materiality. On January 5, 2018, the FASB issued a proposal for comment that would make targeted improvements to the Lease's standard that provides lessors with a practical expedient by class of underlying assets to not separate non-lease components from the lease component. Such practical expedient would be limited to circumstances in which (i) the timing and pattern of revenue recognition are the same for the non-lease component and the related lease component and (ii) the combined single lease component would be classified as an operating lease. If the exposed practical expedient is issued final in its existing form, the Company expects to elect the practical expedient which would allow the Company the ability to combine the lease and non-lease components if the underlying asset meets the two criteria defined above. Second, this standard impacts the lessor's ability to capitalize initial direct costs related to the leasing of vacant space. However, the Company does not believe this change regarding capitalization will have a material impact on its consolidated financial statements.

3. Accounts Receivable

Accounts receivable, other than straight-line rents receivable, are expected to be collected within one year and are net of estimated unrecoverable amounts of \$92,115 and \$65,031 as of December 31, 2017 and 2016, respectively. At December 31, 2017 and 2016, straight-line rents receivable, net of a provision for uncollectible amounts of \$34,539 and \$33,823, respectively, aggregated \$656,238 and \$642,644, respectively. The Company analyzes accounts receivable, tenant credit worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts.

DDR-SAU Retail Fund, L.L.C.**Notes to Consolidated Financial Statements****For the Years Ended December 31, 2017, 2016, and 2015 (Information for the Years Ended December 31, 2017 and 2015 not Covered by Auditor's Report)**

4. Mortgages Payable*Pool One*

The Company has non-recourse allocated mortgages payable with USRIF that are cross-collateralized and cross defaulted. Pool One is collateralized by seven properties that had a net carrying value of \$46.3 million and \$50.4 million at December 31, 2017 and 2016, respectively. Pool One requires principal and interest payments aggregating \$161,303 monthly. In August 2017, the Company extended the maturity date to January 31, 2018.

Pool Two

The Company has non-recourse allocated mortgages payable with USRIF that are cross-collateralized and cross defaulted. Pool Two is collateralized by five properties that had a net carrying value of \$47.3 million and \$49.7 million at December 31, 2017 and 2016, respectively. Pool Two requires principal and interest payments aggregating \$174,264 monthly.

There are no covenants associated with Pool One or Pool Two. The terms of the Company's outstanding mortgages payable at December 31, 2017 and 2016 are as follows (in thousands):

	<u>Fixed Interest Rate</u>	<u>Maturity Date</u>	<u>2017</u>	<u>2016</u>
Pool One	4.74%	1/31/2018*	\$ 28,123	\$ 28,710
Pool Two	4.65%	4/1/2018	31,039	31,671
			<u>\$ 9,162</u>	<u>\$ 60,381</u>
Less: Deferred financing costs, net of accumulated amortization of \$3 in both 2017 and 2016			14	—
			<u>\$ 59,148</u>	<u>\$ 60,381</u>

* Subsequent to year end, the Company extended the maturity date to March 31, 2018 (Note 9).

The Company's Pool One and Pool Two mortgages mature on March 31, 2018 and April 1, 2018, respectively. As of the date of issuance of the consolidated financial statements, the Company currently does not have any binding commitments from lenders to refinance these mortgage obligations nor sufficient cash on hand to repay the mortgages at maturity; however, management's intent is to refinance the mortgage with a third-party lender, with the existing lender (who also owns 80% of the Company), or to find alternative sources of capital.

DDR-SAU Retail Fund, L.L.C.**Notes to Consolidated Financial Statements****For the Years Ended December 31, 2017, 2016, and 2015 (Information for the Years Ended December 31, 2017 and 2015 not Covered by Auditor's Report)**

5. Transactions with Related Parties

All mortgages payable outstanding at December 31, 2017 and 2016 are outstanding with USRIF.

The following table presents related party fees earned and billed to the Company for the years ended December 31, 2017, 2016 and 2015 (in thousands):

Fees earned	Related Party	For the Year Ended December 31,		
		2017	2016	2015
Asset management fees (1)	DDRPM and DDR	\$ 222	\$ 231	\$ 466
Management fees (2)	DDRPM and DDR	680	683	1,303
Maintenance service fees (5)	DDR	120	119	195
Construction management fees (3)	DDRPM and DDR	42	27	93
Legal and tax preparation fees (6)	DDR	61	93	125
Insurance premiums (4),(5)	DDR	285	305	576

(1) Asset management fees are based on a percentage of the gross asset value for each property, as defined in the management agreement.

(2) Management fees are based on a percentage of cash receipts for each property, as defined in the management agreement.

(3) Construction management fees are equal to the total cost of construction on a project multiplied by a percentage depending on the total cost of work, as defined in the management agreement.

(4) In accordance with the management agreement, DDR arranges for insurance coverage from insurers authorized to do business in the United States, which provide liability and property coverage. The Company remitted to DDR insurance premiums associated with these insurance policies.

(5) Recorded in Operating and maintenance expenses on the consolidated statements of operations.

(6) Recorded in General and administrative expenses on the consolidated statements of operations.

Related Party Payables

As of December 31, 2017 and 2016, the Company had related party payables of \$120,668 and \$118,917 respectively. The amounts are included within Accounts payable and other accrued liabilities, net on the consolidated balance sheets and represents amounts owed to DDR and DDRPM for the services and fees discussed above incurred pursuant to the property management and other service agreements.

6. Commitments and Contingencies*Leases*

Shopping center space is leased to tenants pursuant to agreements which provide for terms ranging generally from one to 10 years and, in some cases, for annual rentals which are subject to adjustments based on operating expense levels, sales volume, or contractual increases as defined in the lease agreements.

DDR-SAU Retail Fund, L.L.C.

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2017, 2016, and 2015 (Information for the Years Ended December 31, 2017 and 2015 not Covered by Auditor's Report)

The scheduled future minimum rents from rental property under the terms of all non-cancelable tenant leases, assuming no new or renegotiated leases or option extensions for such premises, for the five years ending December 31, and thereafter, are as follows (in thousands):

Year		Minimum Rental Revenues
2018	\$	10,838
2019		9,433
2020		6,449
2021		4,241
2022		3,023
Thereafter		6,821
	\$	40,805

Legal Matters

The Company and its subsidiaries are subject to various legal proceedings, which, taken together, are not expected to have a material adverse effect on the Company. The Company is also subject to a variety of legal actions for personal injury or property damage arising in the ordinary course of its business, most of which are covered by insurance. While the resolution of all matters cannot be predicted with certainty, management believes that the final outcome of such legal proceedings and claims will not have a material adverse effect on the Company's liquidity, financial position or results of operations.

7. Fair Value of Financial Instruments

The following methods and assumptions were used by the Company pursuant to the provisions of *Fair Value Measurements* in estimating fair value disclosures of financial instruments:

Cash and cash equivalents, accounts receivable, accounts payable:

The carrying amounts reported in the consolidated balance sheets for these financial instruments approximated fair value because of their short-term maturities. The carrying amount of straight-line rents receivable does not materially differ from its fair value.

Debt:

The carrying amount in the consolidated balance sheets for mortgages payable is \$59.2 million and \$60.4 million at December 31, 2017 and 2016, respectively. Using a discounted cash flow technique that incorporates a market interest yield curve with adjustments for duration, optionality, and risk profile, the Company has determined the fair value of its debt to be \$59.3 million and \$61.5 million at December 31, 2017 and 2016, respectively.

8. Impairment Charge

Pursuant to the provisions of ASC No. 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company recorded an impairment charge related to one property for \$2.2 million for the year ended December 31, 2017. The impairment charge was triggered primarily by a change in the holding period assumptions for the property.

Measurement of Fair Value

The Company is required to assess the fair value of impaired assets. The valuation of impaired real estate assets is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows, the income capitalization approach considering prevailing market capitalization rates, analysis of recent comparable sales transactions, actual sales negotiations and bona fide purchase offers received from third parties and/or consideration of the amount that currently would be required to replace the asset, as adjusted for obsolescence. In general, the Company considers multiple valuation techniques when measuring the fair value. However, in certain circumstances, a single valuation technique may be appropriate.

Fair Value Hierarchy

The standard *Fair Value Measurements* specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with the standard, *Fair Value Measurements*, the following summarizes the fair value hierarchy:

- Level 1 – Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 – Quoted price for identical assets and liabilities in markets that are inactive, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly, such as interest rates and yield curves that are observable at commonly quoted intervals, and
- Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

DDR-SAU Retail Fund, L.L.C.

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2017, 2016, and 2015 (Information for the Years Ended December 31, 2017 and 2015 not Covered by Auditor's Report)

Items Measured at Fair Value on a Non-Recurring Basis

The valuation techniques utilized by the Company to assess long-lived assets held and used were determined to fall under level 3 of the fair value hierarchy for the year ended December 31, 2017, resulting in a fair market value of \$2.6 million.

The following table presents quantitative information about the significant observable inputs used by the Company to determine the fair value of non-recurring items (in millions).

Description	Quantitative Information About Level 3 Fair Value Measurements						
	Fair Value at December 31,		Valuation Technique	Unobservable Inputs	Range		
	2017	2016			2017	2016	
Impairment of long-lived assets – held and used	\$ 2.6	\$ -	Income Capitalization Approach	Market Capitalization Rate	10.10%	N/A	

9. Subsequent Events

In accordance with ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through the date of the Report of Independent Auditors, the date the Company's financial statements were available to be issued. In January 2018, the Company extended the maturity date of the Pool One mortgage payable to March 31, 2018.

