



## COMPANY UPDATE / ESTIMATE CHANGES

### Key Metrics

DDR - NYSE (as of 3/13/2017)	\$13.04
Price Target	N/A
52-Week Range	\$12.96 - \$19.92
Shares & Units Outstanding (mm) (as of 12/2016)	367
Market Cap. (\$mm)	\$4,786
3-Mo. Average Daily Volume (000)	4,599.7
Institutional Ownership	87%
Debt/Total Market Capital (12/16)	43.1%
Est 3- Year Dividend Growth Rate	0% - 5%
Dividend	\$0.76
Dividend Yield	5.8%
Est. Fixed Charge Coverage	2.7x

### FFO Per Share & Unit FY 12/31

	2015	2016	Prior 2017E	Curr. 2017E
1Q	\$0.04	\$0.31	\$0.30	\$0.27
2Q	\$0.29	\$0.33	\$0.29	\$0.29
3Q	\$0.31	\$0.33	\$0.27	\$0.27
4Q	\$0.32	\$0.30	\$0.25	\$0.25
Year	\$0.96	\$1.27	\$1.11	\$1.08
P/FFO	13.6x	10.3x		12.1x

Quarterly results may not add to full year amounts due to rounding.

### Revenue (\$mm)

	2015	2016	Prior 2017E	Curr. 2017E
1Q	\$251	\$246	\$228	\$228
2Q	\$249	\$246	\$220	\$220
3Q	\$249	\$245	\$211	\$211
4Q	\$247	\$232	\$197	\$197
Year	\$995	\$970	\$856	\$856

\*Revenue for the entire year may be less than the four quarters combined due to some properties being sold during the year, and earlier revenue from these properties may be accounted for as discontinued operations in full year results and not revenue.

Quarterly results may not add to full year amounts due to rounding. Previous results have not been restated.

**Company Description:** *DDR Corp., headquartered in Cleveland, Ohio, owns and manages 319 properties in 35 states and Puerto Rico totaling 106 million square feet.*

### REITs

Analyst: Carol L. Kemple  
502.588.1839 / [CKemple@hilliard.com](mailto:CKemple@hilliard.com)  
Institutional Sales Desk: George Moorin  
502.588.9141 / [GMoorin@hilliard.com](mailto:GMoorin@hilliard.com)  
J.J.B. Hilliard, W.L. Lyons, LLC  
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## DDR Corp.

DDR -- NYSE -- Neutral -- 3

### Management Changes & Estimate Update

- New CEO.** Earlier this month, DDR announced several new hires. David Lukes was named President, CEO, and board member. Mr. Lukes replaced Tom August, who stepped down from this position. Prior to joining DDR, Mr. Lukes has held the role of CEO at Equity One, Seritage Realty Trust, and Olshan Properties, and also as COO of Kimco Realty Corporation (KIM - \$21.85).
- More Changes.** Michael Makinsen was appointed as Executive Vice President and COO. Mr. Makinen previously worked as Executive Vice President and COO of Equity One, COO of Olshan Properties and as the head of real estate and development with several major retailers. Matthew Ostrower was appointed as Executive Vice President, CFO, and Treasurer. Mr. Ostrower's experience includes the roles of Executive Vice President, CFO, and Treasurer of Equity One and several roles at Morgan Stanley (MS - \$46.26), including Associate Director of European Research and head of U.S. REIT Equity Research.
- Charge.** Following the management announcement, DDR issued an 8-K. In the 8-K it was mentioned that DDR expects to record a \$10 million charge in 1Q17 related to the management changes.
- Estimate Update.** Based on this charge, we are adjusting our 1Q17 and fiscal 2017 FFO estimate to \$0.27 and \$1.08, respectively.
- We are maintaining our Neutral rating on DDR.** We believe the shares are fairly valued at this time.

**Note Important Disclosures on Pages 2-3.  
Note Analyst Certification on Page 2.**

**Suitability**

We assign shares of DDR Corp. a suitability rating of 3 on our scale of 1 - 4 (1=most conservative, 4=most aggressive). Our rating is based on the company's lack of property type diversification offset by what we view as a good balance sheet.

**Risks and Considerations**

DDR's FFO could be impacted by external factors beyond the company's control or due to internal factors. We believe these risk factors include, but are not limited to: interest rate risk, a decline in consumer spending, change in consumer spending patterns/trends, general economic risk, currency risk, an inability to finance acquisitions or developments, development risk, higher construction or supply cost, bankruptcy of tenant(s), etc.

Annual yield is calculated by dividing the distribution amount by the current market price of the security. For US income tax purposes, the Company may classify all or a portion of its distributions as dividends or other non-dividend distributions. Note that for some investors, for US income tax purposes all or a portion of the Company's 2016 dividend or distribution was treated as return of capital and not as "dividend income" as reflected on the IRS Form 1099-Div for the 2016 tax year. The Company generally makes a final determination regarding the proper tax treatment of distributions after calendar year end. We urge each shareholder to consult with his or her own tax advisor to determine the tax consequences of the distributions received, including any state, local or foreign tax considerations.

*Additional information is available upon request.*

**Analyst Certification**

I, Carol L. Kemple, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

**Important Disclosures**

Hilliard Lyons' analysts receive bonus compensation based on Hilliard Lyons' profitability. They do not receive direct payments from investment banking activity.

**Investment Ratings**

**Buy** - We believe the stock has significant total return potential in the coming 12 months.

**Long-term Buy** - We believe the stock is an above average holding in its sector, and expect solid total returns to be realized over a longer time frame than our Buy rated issues, typically 2-3 years.

**Neutral** - We believe the stock is an average holding in its sector, is currently fully valued, and may be used as a source of funds if better opportunities arise.

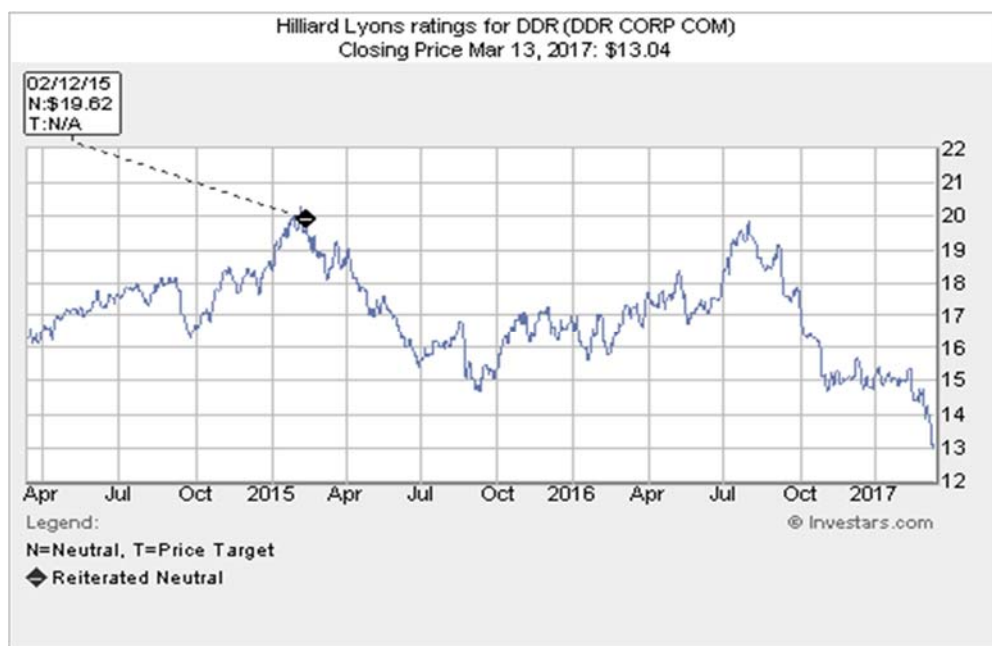
**Underperform** - We believe the stock is vulnerable to a price set back in the next 12 months.

**Suitability Ratings**

**1** - A large cap, core holding with a solid history

**2** - A historically secure company which could be cyclical, has a shorter history than a "1" or is subject to event driven setbacks

- 3 - An above average risk/reward ratio could be due to small size, lack of product diversity, sporadic earnings or high leverage
- 4 - Speculative, due to small size, inconsistent profitability, erratic revenue, volatility, low trading volume or a narrow customer or product base



Rating	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
	# of Stocks Covered	% of Stocks Covered	Banking	No Banking
Buy	35	29%	14%	86%
Hold/Neutral	71	59%	6%	94%
Sell	15	12%	7%	93%

As of 8 March 2017

**Other Disclosures**

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