INLAND REAL ESTATE CORP
Form PREM14A
January 28, 2016

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

ý Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

INLAND REAL ESTATE CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o No fee required.

ý Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Inland Real Estate Corporation's common stock, par value $0.01 per share ("common stock")

8.125% Series A Cumulative Redeemable Preferred Stock, par value $0.01 per share ("Series A Preferred Stock")

6.95% Series B Cumulative Redeemable Preferred Stock, par value $0.01 per share ("Series B Preferred Stock")

(2) Aggregate number of securities to which transaction applies:

100,647,919 outstanding shares of common stock (including 351,923 shares of unvested restricted common stock and 50,106 shares of common stock underlying options)

4,400,000 shares of Series A Preferred Stock

4,000,000 shares of Series B Preferred Stock

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The proposed maximum aggregate value of the transaction for purposes of calculating the filing fee is $1,277,720,788. The filing fee was calculated as the sum of (i) the product obtained by multiplying (a) the 100,597,813 shares of common stock (including unvested restricted common stock) that are exchangeable for cash in the merger, by (b) the merger consideration of $10.60 to be paid with respect to each share of common stock outstanding immediately prior to the merger, plus (ii) (a) 22,908 shares of common stock underlying options with an exercise price of less than $10.60 multiplied by (b) $2.619639 (which is the difference between $10.60 and the weighted average exercise price of $7.980361 per share), plus (iii) the product obtained by multiplying (a) the 4,400,000 shares of Series A Preferred Stock listed above will be redeemed for cash as a result of the merger, by (b) $25.169271, which is the estimated redemption price per share of Series A Preferred Stock, plus (iv) the product obtained by multiplying (a) the 4,000,000 shares of Series B Preferred Stock listed above that will be redeemed for cash as a result of the merger, by (b) $25.144791667, which is the estimated redemption price per share of Series B Preferred Stock (the "total consideration"). The filing fee equals the product of .0001007 multiplied by the total consideration.

(4) Proposed maximum aggregate value of transaction:

$1,277,720,788

(5) Total fee paid:

$128,667

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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SUBJECT TO COMPLETION DATED JANUARY 28, 2016

814 Commerce Drive, Suite 300
Oak Brook, Illinois 60523
(888) 331-4732

[•], 2016

Dear Stockholder,

You are cordially invited to attend a special meeting of stockholders of Inland Real Estate Corporation to be held on [•], 2016 at [9:00 a.m.] local time, at Three First Conference Center, 70 West Madison Street, Suite 1900, Chicago, Illinois 60602. At the special meeting, you will be asked to consider and vote on the merger of Inland Real Estate Corporation and Midwest Retail Acquisition Corp., an affiliate of DRA Growth and Income Fund VIII, LLC, which we refer to as the merger, and the other transactions contemplated by the Agreement and Plan of Merger, dated as of December 14, 2015 and as may be amended from time to time, among Inland Real Estate Corporation, DRA Growth and Income Fund VIII, LLC, DRA Growth and Income Fund VIII(A), LLC and Midwest Retail Acquisition Corp., which we refer to as the merger agreement. If the merger is completed, you, as a holder of shares of common stock of Inland Real Estate Corporation, will be entitled to receive $10.60 in cash, without interest and less any applicable withholding taxes, in exchange for each share you own, as more fully described in the enclosed proxy statement.

After careful consideration, our board of directors has unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement, and has determined that the merger agreement, the performance by Inland Real Estate Corporation of its obligations under the merger agreement and the consummation, on substantially the terms and conditions set forth in the merger agreement, of the merger and the other transactions contemplated by the merger agreement, are advisable and in the best interests of, Inland Real Estate Corporation. **Our board of directors recommends that you vote "FOR" the approval of the merger and the other transactions contemplated by the merger agreement**.

The merger and the other transactions contemplated by the merger agreement must be approved by the affirmative vote of holders of a majority of our outstanding shares of common stock as of the close of business on the record date for the special meeting. The proxy statement accompanying this letter provides you with more specific information concerning the special meeting, the merger, the merger agreement and the other transactions contemplated by the merger agreement. We encourage you to read carefully the enclosed proxy statement, including the annexes. You may also obtain more information about Inland Real Estate Corporation from us or from documents we have filed with the Securities and Exchange Commission.

Your vote is very important regardless of the number of shares of common stock that you own. Whether or not you plan to attend the special meeting, we request that you authorize your proxy by either completing and returning the enclosed proxy card as promptly as possible or submitting your proxy or voting instructions by telephone or Internet. The enclosed proxy card contains instructions regarding voting. If you attend the special meeting, you may continue to have your shares voted as instructed in the proxy, or you may withdraw your proxy at the special meeting and vote your shares in person. If you fail to vote by proxy or in person, or fail to instruct your broker on how to vote, it will have the same effect as a vote against approval of the merger and the other transactions contemplated by the merger agreement.

On behalf of the board of directors, thank you for your continued support.

Sincerely,

Thomas P. D'Arcy
Chairman of the Board

This proxy statement is dated [•], 2016 and is first being mailed to our stockholders on or about [•], 2016.

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INLAND REAL ESTATE CORPORATION
NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON [•], 2016

To the Stockholders of Inland Real Estate Corporation:

You are cordially invited to attend a special meeting of stockholders of Inland Real Estate Corporation to be held on **[•]**, 2016 at [9:00 a.m.] local time, at Three First Conference Center, 70 West Madison Street, Suite 1900, Chicago, Illinois 60602. The special meeting is being held for the purpose of acting on the following matters:

1. To consider and vote on a proposal to approve the merger of Inland Real Estate Corporation and Midwest Retail Acquisition Corp., an affiliate of DRA Growth and Income Fund VIII, LLC, which we refer to as the merger, and the other transactions contemplated by the Agreement and Plan of Merger, dated as of December 14, 2015 and as may be amended from time to time, among Inland Real Estate Corporation, DRA Growth and Income Fund VIII, LLC, DRA Growth and Income Fund VIII (A), LLC and Midwest Retail Acquisition Corp., which we refer to as the merger agreement;

2. To consider and vote on a proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger; and

3. To consider and vote on a proposal to approve any adjournments of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the special meeting to approve the merger and the other transactions contemplated by the merger agreement.

The foregoing items of business are more fully described in the attached proxy statement, which forms a part of this notice and is incorporated herein by reference. Our board of directors has fixed the close of business on **[•]**, 2016 as the record date for the determination of stockholders entitled to notice of and to vote at the special meeting or any postponements or adjournments thereof.

Our board of directors has unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement, and has determined that the merger agreement, the performance by Inland Real Estate Corporation of its obligations under the merger agreement and the consummation, on substantially the terms and conditions set forth in the merger agreement, of the merger and the other transactions contemplated by the merger agreement, are advisable and in the best interests of, Inland Real Estate Corporation. Our board of directors recommends that you vote "FOR" the proposal to approve the merger and the other transactions contemplated by the merger agreement, "FOR" the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger, and "FOR" the proposal to approve any adjournments of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the special meeting to approve the merger and the other transactions contemplated by the merger agreement.

All holders of record of our common stock as of the record date, which was the close of business on **[•]**, 2016, are entitled to receive notice of, attend and vote at the special meeting or any postponements or adjournments of the special meeting.

The merger and the other transactions contemplated by the merger agreement must be approved by the affirmative vote of holders of a majority of our outstanding shares of common stock as of the close of business on the record date for the special meeting. **Accordingly, regardless of the number of shares that you own, your vote is important.** Even if you plan to attend the special meeting in person, we request that you authorize your proxy to vote your shares by either marking, signing, dating and promptly returning the enclosed proxy card in the postage-paid envelope or submitting your proxy or voting instructions by telephone or Internet. If you fail to vote in person or by proxy, the effect will be that the shares of common stock that you own will not be counted for purposes of determining whether

a quorum is present and will have the same effect as a vote against the proposal to approve the merger and the other transactions contemplated by the merger agreement.

The approval of the non-binding advisory proposal regarding the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger and the approval of the proposal regarding any adjournments of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the special meeting to approve the merger and the other transactions contemplated by the merger agreement each requires the affirmative vote of a majority of the votes cast on the proposal. If you fail to vote in person or by proxy, such failure will have no effect on the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger or the proposal to approve any adjournments of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the special meeting to approve the merger and the other transactions contemplated by the merger agreement.

Any proxy may be revoked at any time prior to its exercise by delivery of a properly executed, later-dated proxy card, by submitting your proxy or voting instructions by telephone or Internet at a later date than your previously authorized proxy, by submitting a written revocation of your proxy to our corporate secretary, or by voting in person at the special meeting.

Under Maryland law, because our shares of common stock were listed on the New York Stock Exchange at the close of business on the record date, you do not have any appraisal rights, dissenters' rights or similar rights of an objecting stockholder in connection with the merger.

We encourage you to read the accompanying proxy statement in its entirety and to submit a proxy or voting instructions so that your shares of our common stock will be represented and voted even if you do not attend the special meeting. If you have any questions or need assistance in submitting a proxy or voting instructions, please call our proxy solicitor, Innisfree M&A Incorporated, toll-free at (888) 750-5834.

BY ORDER OF THE BOARD OF DIRECTORS

Beth Sprecher Brooks
Senior Vice President, Secretary and General Counsel

Oak Brook, Illinois
[•], 2016

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Annexes:
Annex A Agreement and Plan of Merger, dated as of December 14, 2015, by and among Inland Real Estate Corporation, DRA Growth and Income Fund VIII, LLC, DRA Growth and Income Fund VIII(A), LLC and Midwest Retail Acquisition Corp.
Annex B Voting Agreement, dated as of December 14, 2015.
Annex C Opinion of BMO Capital Markets, dated as of December 14, 2015.

SUMMARY

This summary highlights only selected information from this proxy statement relating to (1) the merger of Inland Real Estate Corporation and Midwest Retail Acquisition Corp., which we refer to as the merger and (2) certain related transactions. This summary does not contain all of the information about the merger and related transactions contemplated by the merger agreement that is important to you. As a result, to understand the merger and the related transactions fully and for a more complete description of the terms of the merger and related transactions, you should read carefully this proxy statement in its entirety, including the annexes and the other documents to which we have referred you, including the merger agreement attached as Annex A. Each item in this summary includes a page reference directing you to a more complete description of that item. This proxy statement is first being mailed to our stockholders on or about [•], 2016.

The Parties to the Merger (page 23)

Inland Real Estate Corporation
814 Commerce Drive, Suite 300
Oak Brook, Illinois 60523
(888) 331-4732

Inland Real Estate Corporation, which we refer to as "we," "our," "us" or "the company," was organized as a Maryland corporation on May 12, 1994 and elected to be taxed as a real estate investment trust, or REIT, beginning with the taxable year ended December 31, 1995. To date, we have focused on acquiring and owning open-air neighborhood, community and power shopping centers and single-tenant retail properties located primarily in the Central and Southeastern United States. Through our wholly owned subsidiaries, Inland Commercial Property Management, Inc. and Inland TRS Property Management, Inc., we manage all of the properties we own interests in as well as properties for certain third parties and related parties. Our investment properties are typically anchored by stores which provide everyday goods and services to consumers, such as grocery, drug or discount, rather than stores that sell discretionary items.

DRA Growth and Income Fund VIII, LLC
c/o DRA Advisors LLC
220 East 42nd Street, 27th Floor
New York, New York 10017
(212) 697-4740

DRA Growth and Income Fund VIII, LLC, a Delaware limited liability company which we refer to as Parent, is an investment fund advised by DRA Advisors LLC, which we refer to as DRA. DRA is an investment advisor specializing in real estate investment and management services for institutional and private investors. DRA has over $6 billion in assets under management. Since 1986, DRA's focus has been consistent: conservative, value-added real estate investments in the office, retail, multi-family and industrial sectors in the United States. DRA's acquisitions since inception include 1,100 properties valued at over $22 billion.

DRA Growth and Income Fund VIII(A), LLC
c/o DRA Advisors LLC
220 East 42nd Street, 27th Floor
New York, New York 10017
(212) 697-4740

DRA Growth and Income Fund VIII(A), LLC, a Delaware limited liability company which we refer to as VIIIA, and together with Parent as the Parent Parties, is an investment fund advised by DRA.

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Under the terms of the merger agreement, Parent and VIIIA may assign or delegate a portion of their respective rights, interests and obligations under the merger agreement to a newly-formed, direct wholly owned subsidiary of Parent prior to the closing provided that such entity agrees to be bound by the terms of the merger agreement as a "Parent Party."

Midwest Retail Acquisition Corp.
c/o DRA Advisors LLC
220 East 42nd Street, 27th Floor
New York, New York 10017
(212) 697-4740

Midwest Retail Acquisition Corp., which we refer to as Merger Sub, is a Maryland corporation and an indirect wholly owned subsidiary of the Parent Parties. Merger Sub was formed solely for purposes of facilitating the Parent Parties' acquisition of us and has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. Pursuant to the merger agreement, on the closing date, Merger Sub will merge with and into the company, Merger Sub will cease to exist, and the company will continue as the surviving entity in the merger.

The Special Meeting (page 25)

The Proposals

The special meeting of our stockholders will be held on [•], 2016 at [9:00 a.m.] local time, at Three First Conference Center, 70 West Madison Street, Suite 1900, Chicago, Illinois 60602. At the special meeting, holders of our common stock, par value $0.01 per share, which we refer to as our common stock, will be asked to consider and vote on (1) a proposal to approve the merger and the other transactions contemplated by the merger agreement, (2) a proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger and (3) a proposal to approve any adjournments of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the special meeting to approve the merger and the other transactions contemplated by the merger agreement.

Record Date, Notice and Quorum

All holders of record of our common stock as of the close of business on the record date, which was the close of business on [•], 2016, are entitled to receive notice of, attend and vote at the special meeting or any postponements or adjournments of the special meeting. Each common stockholder will be entitled to cast one vote on each matter presented at the special meeting for each share of common stock that such holder owned as of the record date. On the record date, there were [•] shares of common stock outstanding and entitled to vote at the special meeting.

The presence in person or by proxy of our common stockholders entitled to cast a majority of all the votes entitled to be cast as of the close of business on the record date will constitute a quorum for purposes of the special meeting. A quorum is necessary to transact business at the special meeting. Abstentions will be counted as shares present for the purposes of determining the presence of a quorum. If a quorum is not present at the special meeting, we expect that the special meeting will be adjourned to a later date.

Required Vote

Completion of the merger requires approval of the merger and the other transactions contemplated by the merger agreement by the affirmative vote of holders of a majority of our

outstanding shares of common stock as of the record date for the special meeting. Because the required vote for this proposal is based on the number of votes our common stockholders are entitled to cast rather than on the number of votes cast, failure to vote your shares (including failure to give voting instructions to your broker, bank or other nominee) and abstentions will have the same effect as voting against the proposal to approve the merger and the other transactions contemplated by the merger agreement.

In addition, the approval of the non-binding, advisory proposal regarding the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger and the approval of the proposal regarding any adjournments of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the special meeting to approve the merger and the other transactions contemplated by the merger agreement each requires the affirmative vote of a majority of the votes cast on the proposal. Approval of these proposals is not a condition to completion of the merger. For the purpose of these proposals, if a common stockholder fails to cast a vote on either of these proposals, in person or by authorizing a proxy, such failure will not have any effect on the outcome of such proposal. Abstentions are not considered votes cast and therefore will have no effect on the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger or the proposal to approve any adjournments of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the special meeting to approve the merger and the other transactions contemplated by the merger agreement. The vote of the holders of our preferred stock is not required to approve any of the proposals at the special meeting, and is not being solicited.

As of the record date, our directors and executive officers owned and are entitled to vote an aggregate of approximately [•] shares of our common stock, entitling them to exercise approximately [•]% of the voting power of our common stock entitled to vote at the special meeting. Our directors and executive officers have informed us that they intend to vote the shares of our common stock that they own in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Proxies; Revocation

Any of our common stockholders of record entitled to vote may authorize a proxy by returning the enclosed proxy card, submitting a proxy or voting instructions by telephone or Internet, or by appearing and voting at the special meeting in person. If the shares of our common stock that you own are held in "street name" by your broker, you should instruct your broker on how to vote your shares using the instructions provided by your broker.

Any proxy may be revoked at any time prior to its exercise by your delivery of a properly executed, later-dated proxy card, by authorizing your proxy by telephone or Internet at a later date than your previously authorized proxy, by your filing a written revocation of your proxy with our Secretary or by your voting in person at the special meeting.

The Merger (page 29)

Pursuant to the merger agreement, on the closing date, Merger Sub will merge with and into the company and the separate existence of Merger Sub will cease, and the company will continue as the surviving entity in the merger. We sometimes use the term surviving entity in this proxy statement to refer to the company following the effective time of the merger. As a result of the merger, each stockholder will have the right to merger consideration as described below in "The Merger Agreement Merger Consideration; Conversion or Cancellation of Shares in the Merger."

Our merger with Merger Sub will become effective upon the acceptance of the articles of merger for record by the State Department of Assessments and Taxation of Maryland or on such other date and time (not to exceed 30 days from the date the articles of merger are accepted for record by the State Department of Assessments and Taxation of Maryland) as will be agreed to by us and the Parent Parties and specified in the articles of merger. We sometimes use the term effective time in this proxy statement to refer to the time the merger becomes effective.

Voting Agreement (page 79)

Concurrently with the execution of the merger agreement on December 14, 2015 and as contemplated by the merger agreement, Daniel L. Goodwin entered into a voting agreement, which we refer to as the voting agreement. Pursuant to the voting agreement, Mr. Goodwin and certain of his affiliates agreed to vote all of the shares of the company's common stock beneficially owned by them in favor of approval of the merger and the other transactions contemplated by the merger agreement.

Approximately 11,819,361 shares beneficially owned by Mr. Goodwin and his affiliates, or approximately [•]% of the company's common stock outstanding as of the record date, are subject to the voting agreement. Mr. Goodwin is one of our directors and engages, through his affiliates, in certain business activities with the company.

A copy of the voting agreement is attached as Annex B to this proxy statement and is incorporated herein by reference.

Recommendation of Our Board of Directors (page 43)

Our board of directors has unanimously:

- determined that the merger agreement, the performance by Inland Real Estate Corporation of its obligations under the merger agreement and the consummation, on substantially the terms and conditions set forth in the merger agreement, of the merger and the other transactions contemplated by the merger agreement, are advisable and in best interests of, the company;

- approved the merger agreement, the merger and the other transactions contemplated by the merger agreement, on substantially the terms and conditions set forth in the merger agreement and directed that the merger and the other transactions contemplated by the merger agreement be submitted to our common stockholders for approval at the special meeting of stockholders; and

- recommended that you vote "**FOR**" the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Opinion of Our Financial Advisor (page 43)

In connection with the merger, at the meeting of our board of directors on December 14, 2015, our financial advisor, BMO Capital Markets, which we refer to as BMO, rendered to our board of directors its oral opinion, subsequently confirmed by delivery of a written opinion dated December 14, 2015 that, as of that date, and based upon and subject to the various assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by BMO as set forth in its written opinion, the cash merger consideration of $10.60 per share of common stock to be received by the holders of our common stock pursuant to the merger agreement was fair from a financial point of view to the holders of our common stock.

The full text of BMO's written opinion, dated December 14, 2015, is attached to this proxy statement as Annex C. You should read the opinion in its entirety for a discussion of the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the

review undertaken by BMO in rendering its opinion. We encourage you to read the entire opinion carefully. This summary is qualified in its entirety by reference to the full text of the opinion. BMO's opinion is directed to our board of directors, in its capacity as such, and addressed only the fairness from a financial point of view, as of the date of the opinion, of the consideration to be received by the holders of our common stock pursuant to the merger agreement. The opinion did not address any other aspects or implications of the merger and did not address the relative merits of the transactions contemplated by the merger agreement as compared to other business or financial strategies that might be available to the company, nor did it address the underlying business decision of the company to enter into the merger agreement or proceed with any other transaction contemplated by the merger agreement. BMO's opinion was not intended to, and does not, constitute advice or a recommendation as to how any holder of our common stock should vote at the special meeting or take any other action with respect to the merger. BMO also expressed no opinion as to the relative fairness of any portion of the consideration to holders of any series of common or preferred stock of the company. For more information regarding our financial advisor, see "The Merger Opinion of Our Financial Advisor."

Treatment of Common Stock, Series A Preferred Stock, Series B Preferred Stock, Restricted Common Stock and Options (page 62)

Common Stock

The merger agreement provides that, at the effective time, each share of our common stock will automatically be converted into the right to receive $10.60 in cash, without any interest thereon, which we refer to as the cash merger consideration.

Series A Preferred Stock and Series B Preferred Stock

Pursuant to the terms of the merger agreement, Parent is required to cause the surviving entity to exercise its "special optional redemption right" in accordance with the terms of the company's charter, including the articles supplementary designating the Series B preferred stock, which we refer to collectively as the charter, within 15 days after the closing date with respect to all of the issued and outstanding shares of Series A preferred stock and Series B preferred stock and pay all amounts required to be paid at the times they are required to be paid in connection with such redemption. The merger agreement also provides that Parent will be solely responsible for any and all liabilities arising out of or relating to the failure to pay any amounts payable in connection with the redemption of the Series A preferred stock and Series B preferred stock on a timely basis. It is a condition to closing under the merger agreement that Parent certify that it has or will have available all amounts necessary to consummate the redemption of all of the Series A preferred stock and Series B preferred stock.

The "special option redemption right" with respect to the Series A preferred stock and Series B preferred stock pursuant to the charter provides that, upon the occurrence of a change of control (which would occur upon the completion of the merger and the other transactions contemplated by the merger agreement), the company may, at its option and under certain circumstances, redeem the shares of Series A preferred stock and Series B preferred stock, for cash, in whole or in part, by paying $25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date of redemption.

Restricted Common Stock

Immediately prior to the effective time, each then-outstanding share of restricted common stock will be fully vested and will entitle the holder thereof to receive the cash merger consideration less any applicable withholding taxes, payable as promptly as practicable following the effective time, but not later than the third business day after the effective time.

Options

At the effective time, all then-outstanding and unexercised options to purchase shares of our common stock, whether or not exercisable, will be fully vested and cancelled and converted into the right to receive (i) the number of shares of our common stock underlying such option, times (ii)(x) the cash merger consideration less (y) the per share exercise price of such option, payable as promptly as practicable following the effective time, but not later than the third business day after the effective time.

Financing (page 50)

In connection with the closing of the merger, Parent will cause an aggregate of approximately $1.1 billion to be paid to the holders of our common stock, including unvested restricted common stock.

As of December 31, 2015, the company and its consolidated subsidiaries (not including unconsolidated joint ventures) had $807.6 million in outstanding indebtedness, $110 million in liquidation value of Series A preferred stock (not including accrued and unpaid dividends) and $100 million in Series B preferred stock (not including accrued and unpaid dividends).

The Parent Parties have informed us that they expect to assume, repay or refinance all of the company's outstanding indebtedness at the effective time.

The Series A preferred stock and Series B preferred stock will remain outstanding and will represent preferred stock of the surviving entity after the effective time. It is a condition to closing under the merger agreement that Parent certify that it has or will have available all amounts necessary to consummate the redemption of all of the Series A preferred stock and Series B preferred stock.

The Parent Parties have received a debt commitment letter from Wells Fargo Bank, N.A., as lender, and Wells Fargo Securities, LLC, solely as arranger, which we refer to collectively as Wells, to make and fund upon the terms and subject to the conditions set forth in the debt commitment letter, senior secured term loans with an aggregate principal amount of $1.0 billion, subject to special reserves which, if imposed, may result in a reduction of up to 10% in the net proceeds that would be available to fund the transactions contemplated by the merger agreement as well as certain other reserves which could result in a further reduction to net proceeds. Wells' obligation to close and fund the loans is subject to customary conditions, including, but not limited to, the consummation of the transactions consummated by the merger agreement and a minimum cash equity contribution by the Parent Parties of $700 million. Moreover, under the merger agreement, if the commitment letter is terminated prior to the closing, Parent is required to use best efforts to obtain alternative debt or equity financing in an amount sufficient to consummate the merger. The obligations of the Parent Parties and Merger Sub to consummate the transactions contemplated by the merger agreement are not subject to any financing contingency.

The Parent Parties have represented in the merger agreement that they will have sufficient cash at the effective time, that when combined with the debt financing, will be sufficient to pay the cash merger consideration, and any and all amounts required to be paid in connection with the consummation of the transactions contemplated by the merger agreement, including the merger, any related fees and expenses and the repayment or refinancing of certain indebtedness of the company. In connection with their representation to have sufficient cash at the effective time, the Parent Parties have agreed to maintain an aggregate net worth of at least $850 million and liquid assets of at least $750 million until the effective time or the merger agreement is terminated. The Parent Parties may assign or delegate a portion of their respective rights, interests and obligations under the merger agreement to a newly-formed affiliate of Parent (that is not a controlling affiliate of Parent) prior to the closing date provided that such entity agrees to be bound by the terms of the merger agreement as

a "Parent Party," and provided that the minimum net worth and liquid assets tests would at all times continue to be satisfied. For more information, see "The Merger Financing."

Interests of Our Directors and Executive Officers in the Merger (page 51)

Our directors and executive officers have certain interests in the merger that may be different from, or in addition to, the interests of our stockholders generally. These interests may create potential conflicts of interest. These interests include the following:

- Immediately prior to the effective time, all then-outstanding shares of restricted common stock, including those held by our directors and executive officers, will become fully vested and will entitle the holder thereof to receive the cash merger consideration, without interest and less any applicable withholding taxes, payable as promptly as practicable following the effective time, but not later than the third business day after the effective time.

- At the effective time, all then-outstanding and unexercised options to purchase shares of our common stock whether or not exercisable, will be fully vested and cancelled and converted into the right to receive (i) the number of shares of our common stock underlying such option, times (ii)(x) the cash merger consideration less (y) the per share exercise price of such option, payable as promptly as practicable following the effective time, but not later than the third business day after the effective time. All outstanding and unexercised options held by our directors and executive officers are already fully vested pursuant to the terms and conditions of the options.

- Our executive officers are expected to remain employed with the company following the effective time pursuant to their existing employment agreements. These employment agreements provide that, if an executive officer's employment is terminated by the company without "cause" or by the executive officer for "good reason" (each as defined in and determined under the applicable employment agreement), including after a change in control, that executive officer will be entitled to certain severance payments and benefits.

Our board of directors was aware of these interests and considered them, among other matters, in reaching its decision to approve the merger and the other transactions contemplated by the merger agreement.

No Solicitation and Change in Recommendation (page 69)

Under the merger agreement, the company has agreed not to, and to cause its subsidiaries and its and their officers, directors or equivalents not to, directly or indirectly, (i) solicit, initiate, knowingly facilitate or knowingly encourage any inquiries regarding, or the making of any proposal or offer that constitutes or would reasonably be expected to lead to, a competing acquisition proposal, (ii) continue, enter into or participate in any discussions with any person regarding a competing acquisition proposal, or (iii) approve or recommend a competing acquisition proposal, or execute or enter into any contract, with respect to a competing acquisition proposal.

However, the company may, under certain specified circumstances, engage in discussions or negotiations with and provide nonpublic information regarding itself to a third party making an unsolicited, bona fide written competing acquisition proposal. Under the merger agreement, the company is required to notify the Parent promptly of (i) the receipt by the company of any competing acquisition proposal and (ii) any modifications to the financial or other material terms and conditions of a competing acquisition proposal.

Before the approval of the merger and the other transactions contemplated by the merger agreement by the company's stockholders, the company's board of directors may, under certain specified circumstances, withdraw its recommendation of the merger if the company's board of directors determines in good faith, after consultation with outside legal counsel, that failure to take

such action would be inconsistent with the directors' duties under applicable law. For more information regarding the limitations on the company and its board of directors to consider other proposals, see "The Merger Agreement Covenants and Agreements No Solicitation of Transactions by Inland Real Estate Corporation" beginning on page 69.

Conditions to the Merger (page 66)

A number of conditions must be satisfied or waived, where legally permissible, before the merger can be consummated. These include, among others:

- approval of the merger and the other transactions contemplated by the merger agreement by the company's stockholders;
- the absence of any law or other legal restraint or prohibition entered, enacted, promulgated, enforced or issued by any governmental authority of competent jurisdiction which prohibits, makes illegal or enjoins the consummation of the merger;
- the accuracy of all representations and warranties made by the parties in the merger agreement and performance by the parties of their obligations under the merger agreement (subject in each case to certain materiality standards);
- the absence of any material adverse effect being experienced by the company;
- the receipt by Parent of an opinion dated as of the closing date from Proskauer Rose LLP regarding the company's qualification and taxation as a REIT under the Code;

Neither the company nor the Parent can give any assurance as to when or if all of the conditions to the consummation of the merger will be satisfied or waived or that the merger will occur.

For more information regarding the conditions to the consummation of the merger and a complete list of such conditions, see "The Merger Agreement Conditions to Completion of the Merger" beginning on page 66.

Termination of the Merger Agreement (page 74)

The merger agreement may be terminated at any time before the effective time of the merger by the mutual written agreement of Parent and the company.

In addition, the merger agreement may be terminated prior to the effective time of the merger by either Parent or the company if

- the merger has not been consummated on or before June 30, 2016 (provided that this termination right will not be available to a party if that party failed to fulfill its obligations under the merger agreement and that failure was a principle cause of, or resulted in, the failure of the merger to be consummated on or before such date);
- there is a final, non-appealable order or injunction prohibiting the merger; or
- the company's stockholders fail to approve the merger and the other transactions contemplated by the merger agreement;

The company may terminate the merger agreement prior to the effective time of the merger if (i) the Parent Parties or Merger Sub materially breaches or fails to perform any of their representations, warranties, covenants or other agreements under the merger agreement, (ii) the company's board of directors has made an adverse recommendation change stockholder approval in order to enter into an alternative acquisition agreement with respect to a superior proposal, (iii) Parent or Merger Sub fails to effect the merger during a certain time period after receiving notice that all of the conditions to the merger have been satisfied or waived and the company is willing and able to

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effect the merger at such time or (iv) the Parent Parties fail to maintain specified net worth and liquid assets during specified periods. Parent may also terminate the merger agreement if (i) the company materially breaches or fails to perform any of its representations, warranties, covenants or other agreements under the merger agreement or fails to deliver the REIT Opinion or (ii) the company's board of directors has made an adverse recommendation change. For more information regarding the rights of the company and Parent to terminate the merger agreement, see "The Merger Agreement Termination of the Merger Agreement" beginning on page 74.

Termination Fees (page 76)

The merger agreement provides that if the merger agreement is terminated under certain circumstances, the company may be obligated to pay the Parent a termination fee of $30 million plus up to $5 million in expense reimbursements. In certain other circumstances, the company may be required to pay up to $5 million in expense reimbursements to the Parent, even if the termination fee is not payable.

Additionally, the merger agreement provides that, if the company terminates the merger agreement under certain circumstances, the company may, at its option, (i) seek specific performance of the Parent Parties' and Merger Sub's obligations to consummate the merger or (ii) terminate the merger agreement and require Parent to pay $100 million as a reverse termination fee to the company.

For more information regarding the termination fee and expense reimbursements, see "The Merger Agreement Termination of the Merger Agreement Termination Fees and Expenses Payable by Inland Real Estate Corporation to Parent" beginning on page 76 and "The Merger Agreement Termination of the Agreement Termination Fee Payable by Parent to Inland Real Estate Corporation" beginning on page 77.

Regulatory Matters (page 57)

We are unaware of any material federal, state or foreign regulatory requirements or approvals that are required for the execution of the merger agreement or the completion of the merger, other than the filing of the articles of merger with respect to the merger with, and the acceptance of such articles of merger for record by, the State Department of Assessments and Taxation of Maryland.

No Dissenters' Rights of Appraisal (page 85)

We are organized as a corporation under Maryland law. Under the Maryland General Corporation Law, because our common stock was listed on the New York Stock Exchange, or the NYSE, on the record date for determining stockholders entitled to vote at the special meeting, our common stockholders who object to the merger do not have any appraisal rights, dissenters' rights or similar rights of an objecting stockholder in connection with the merger. However, our common stockholders can vote against the merger and the other transactions contemplated by the merger agreement. Under the Maryland General Corporation Law, the holders of our preferred stock do not have any appraisal rights, dissenters' rights or similar rights of an objecting stockholder in connection with the merger.

Litigation Relating to the Merger (page 57)

On January 5, 2016, two putative class action complaints, *Mattos v. Inland Real Estate Corp., et al.* and *Perrone v. Inland Real Estate Corp., et al.*, were filed in Maryland state court, in the Circuit Court for Baltimore City, against the company, members of the company's board of directors, the Parent Parties and Merger Sub. A third complaint, *Rosen v. Inland Real Estate Corp., et al.*, was filed January 8, 2016 in Maryland state court in the Circuit Court for Baltimore City. The allegations in the three aforementioned complaints raise similar putative class claims against the company, members of the company's board of directors, the Parent Parties and Merger Sub. In particular, each of the three

complaints allege that the merger consideration was insufficient and that the merger agreement contained unreasonable deal protection devices, including, for example, by use of a "no-solicitation" provision. The complaints generally allege breaches of fiduciary duty by members of the company's board of directors in connection with the merger agreement. Further, the complaints allege that some or all of the company, the Parent Parties and Merger Sub aided and abetted the purported breaches of fiduciary duty. The complaints seek unspecified damages and attorneys' fees, as well as, or in substitution for, certain equitable and injunctive relief, including an order enjoining the defendants from completing the merger, or, in the event the merger is consummated, rescission of the transaction. The company believes these civil actions are wholly without merit and intends to vigorously defend against them. Additional civil actions may be filed against the company, the Parent Parties, Merger Sub and/or any of their respective directors in connection with the merger.

Material U.S. Federal Income Tax Consequences (page 58)

The exchange of shares of our common stock for cash pursuant to the merger agreement generally will be a taxable transaction for U.S. federal income tax purposes. Shareholders that are "U.S. Holders" (as such term is defined below in "The Merger Material U.S. Federal Income Tax Consequences") who exchange their shares of our common stock in the merger generally will recognize gain or loss in an amount equal to the difference, if any, between the cash received in the merger and their adjusted tax basis in their shares. Gain recognized on the receipt of cash in exchange for shares of our common stock pursuant to the merger by shareholders who are "Non-U.S. Holders" (as such term is defined below "The Merger Material U.S. Federal Income Tax Consequences") may also be subject to U.S. federal income tax in certain circumstances, including pursuant to the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA.

For further discussion of the U.S. federal income tax consequences of the merger, see "The Merger Material U.S. Federal Income Tax Consequences" beginning on page 58. We urge you to consult your own tax advisor to determine the tax consequences to you (including the application and effect of any state, local or foreign income and other tax laws) of the merger.

Delisting and Deregistration of Our Common Stock, Series A Preferred Stock and Series B Preferred Stock (page 60)

If the merger is completed, our common stock, Series A preferred stock and Series B preferred stock will no longer be traded on the NYSE and will be deregistered under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

Market Price of Our Common Stock (page 80)

Our common stock has been listed on the NYSE under the symbol "IRC" since June 9, 2004. On December 14, 2015, the last trading day prior to the date of the public announcement of the merger agreement, the reported closing price per share for our common stock on the NYSE was $9.94. On [•], 2016, the last trading day before the date of this proxy statement, the reported closing price per share for our common stock on the NYSE was $[•]. You are encouraged to obtain current market quotations for our common stock.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers address briefly some questions you may have regarding the special meeting and the proposed merger. These questions and answers may not address all questions that may be important to you as a stockholder. Please refer to the more detailed information contained elsewhere in this proxy statement, as well as the additional documents to which it refers or which it incorporates by reference, including the merger agreement, a copy of which is attached to this proxy statement as Annex A.

Q:

What is the proposed transaction?

A:

The proposed transaction is the acquisition of the company and its subsidiaries by affiliates of DRA Growth and Income Fund VIII, LLC pursuant to the merger agreement. Once the merger and the other transactions contemplated by the merger agreement have been approved by our common stockholders and the other closing conditions under the merger agreement have been satisfied or waived, Merger Sub will merge with and into the company, with Inland Real Estate Corporation continuing as the surviving entity. For additional information about the merger, please review the merger agreement attached to this proxy statement as Annex A and incorporated by reference into this proxy statement. We encourage you to read the merger agreement carefully and in its entirety, as it is the principal document governing the merger.

Q:

As a common stockholder, what will I receive in the merger?

A:

For each outstanding share of common stock that you own immediately prior to the effective time, you will receive $10.60 in cash, without interest and less any applicable withholding taxes.

Q:

Will I receive any regular monthly dividends with respect to the common stock that I own?

A:

Yes. Under the merger agreement, the declaration and payment of regular monthly dividends for full monthly periods in accordance with past practice is permitted provided that the record date with respect to any such regular monthly dividends will be set as the first business day of the applicable month. However, with respect to any period in which the closing date occurs which is less than a full month, the declaration and payment of dividends is not permitted under the merger agreement. Accordingly, assuming the merger is completed on [•], 2016, the second business day following the date of the special meeting which is the closing date contemplated by the merger agreement (subject to extension as provided therein), you would not receive any dividends with respect to the period from [•], 2016 to [•], 2016.

Q:

When do you expect the merger to be completed?

A:

We are working toward completing the merger as quickly as possible. If our common stockholders vote to approve the merger and the other transactions contemplated by the merger agreement, and assuming that the other conditions to the merger are satisfied or waived, we anticipate the merger becoming effective as soon as practicable following the special meeting.

Q:

What happens if the merger is not completed?

A:

If the merger and the other transactions contemplated by the merger agreement are not approved by our common stockholders, or if the merger is not completed for any other reason, our stockholders will not receive any payment for their common stock pursuant to the merger agreement. Instead, Inland Real Estate Corporation will remain a public company and our common stock will continue to be registered under the Exchange Act and listed on the NYSE. Upon a termination of the merger agreement, under certain circumstances, we will be required to pay Parent a termination fee or expense reimbursements or both and, under certain circumstances, Parent will be required to pay us a termination fee.

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Q: ***If the merger is completed, when can I expect to receive the cash merger consideration for my shares of common stock?***

A: As soon as possible after the closing date, you will receive a letter of transmittal describing how you may exchange your common stock for the cash merger consideration.

Q: ***When and where is the special meeting?***

A: The special meeting will be held on **[•]**, 2016 at [9:00 a.m.] local time, at Three First Conference Center, 70 West Madison Street, Suite 1900, Chicago, Illinois 60602.

Q: ***Who can vote and attend the special meeting?***

A: All holders of record of our common stock as of the record date, which was the close of business on **[•]**, 2016, are entitled to receive notice of, attend and vote at the special meeting or any postponements or adjournments of the special meeting. Each common stockholder will be entitled to cast one vote on each matter presented at the special meeting for each share of common stock that such holder owned as of the record date. The vote of the holders of our preferred stock is not required to approve any of the proposals at the special meeting, and is not being solicited.

Q: ***What vote of common stockholders is required to approve the merger and the other transactions contemplated by the merger agreement?***

A: Approval of the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of holders of a majority of our outstanding shares of common stock as of the close of business on the record date for the special meeting. Because the required vote for this proposal is based on the number of votes our common stockholders are entitled to cast rather than on the number of votes cast, failure to vote your shares (including failure to give voting instructions to your broker, bank or other nominee) and abstentions will have the same effect as voting against the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Q: ***What vote of common stockholders is required to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger?***

A: Approval, on a non-binding, advisory basis, of the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger requires the affirmative vote of a majority of the votes cast on the proposal. For the purpose of this proposal, failure to vote your shares (including failure to give voting instructions to your broker, bank or other nominee) and abstentions will have no effect on the proposal.

Q: ***What vote of common stockholders is required to approve adjournments of the special meeting?***

A: Approval of any adjournments of the special meeting to solicit additional proxies if there are not sufficient votes at the special meeting to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of a majority of the votes cast on the proposal. For the purpose of this proposal, failure to vote your shares (including failure to give voting instructions to your broker, bank or other nominee) and abstentions will have no effect on the proposal.

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Q: ***Why is my vote important?***

A: If you do not submit a proxy or voting instructions or vote in person at the special meeting, it will be more difficult for us to obtain the necessary quorum to hold the special meeting. In addition, because the proposal to approve the merger and the other transactions contemplated by the merger agreement must be approved by the affirmative vote of holders of a majority of our outstanding shares of common stock as of the close of business on the record date for the special meeting, your failure to submit a proxy or voting instructions or to vote in person at the special meeting will have the same effect as a vote "**AGAINST**" the approval of the merger and the other transactions contemplated by the merger agreement.

Q: ***How does the cash merger consideration compare to the market price of the common stock?***

A: The cash merger consideration of $10.60 per share represents an approximate 6.6% premium over the closing price of our common stock of $9.94 on December 14, 2015, the last trading day prior to the public announcement of the merger agreement. Over the twelve-month period ended December 14, 2015, the last trading day prior to the execution of the merger agreement, the low closing price was $7.99 per share and the high closing price was $11.67 per share. On [•], 2016, the last trading day before the date of this proxy statement, the reported closing price per share for our common stock on the NYSE was $[•].

Q: ***How does our board of directors recommend that I vote?***

A: Our board of directors recommends that you vote "**FOR**" the proposal to approve the merger and the other transactions contemplated by the merger agreement, "**FOR**" the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger, and "**FOR**" the proposal to approve any adjournments of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the special meeting to approve the merger and the other transactions contemplated by the merger agreement.

Q: ***Why am I being asked to consider and cast a vote on the non-binding proposal to approve the merger-related compensation?***

A: In July 2010, the U.S. Securities and Exchange Commission, or the SEC, adopted rules that require companies to seek a non-binding, advisory vote to approve certain compensation that may be paid or become payable to their named executive officers that is based on or otherwise relates to corporate transactions such as the merger.

Q: ***What will happen if stockholders do not approve the non-binding, advisory proposal regarding merger-related compensation?***

A: The vote to approve, on a non-binding, advisory basis, the proposal regarding the merger-related compensation is a vote separate and apart from the vote to approve the merger and the other transactions contemplated by the merger agreement. Approval of this proposal is a not a condition to completion of the merger. The vote on this proposal is an advisory vote only, and it is not binding on us or our board of directors. Further, the underlying arrangements are contractual in nature and not, by their terms, subject to stockholder approval. Accordingly, regardless of the outcome of the non-binding, advisory vote, if the merger is completed, our named executive officers will be eligible to receive the compensation that may be paid or become payable to them that is based on or otherwise relates to the merger, in accordance with the terms and conditions applicable to such compensation.

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Q:

Do any of the company's directors and executive officers have any interest in the merger that is different than mine?

A:

Our directors and executive officers have certain interests in the merger that may be different from, or in addition to, the interests of our stockholders generally, including the consideration that they would receive with respect to their unvested restricted common stock in connection with the merger. Further, our executive officers may become entitled to receive certain severance payments and benefits following the closing of the merger. See "The Merger Interests of Our Directors and Executive Officers in the Merger" for additional information about possible interests that our directors and executive officers may have in the merger that are different than yours.

Q:

How do I cast my vote?

A:

If you are a common stockholder of record at the close of business on the record date, you may vote in person at the special meeting or authorize a proxy for the special meeting. You can authorize your proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed, postage-paid envelope, or, if you prefer, by following the instructions on your proxy card for telephonic or Internet proxy authorization. If the telephone or Internet option is available to you, we strongly encourage you to use it because it is faster and less costly. Registered stockholders can transmit their voting instructions by telephone by calling (800) 690-6903 or on the Internet at www.proxyvote.com. Telephone and Internet proxy authorization is available 24 hours a day until 11:59 p.m. Eastern Time the day immediately prior to the special meeting. Please have your proxy card with you if you are going to authorize your proxy by telephone or the Internet. To authorize your proxy by mail, please complete, sign, date and mail your proxy card in the envelope provided. If you attend the special meeting in person, you may request a ballot when you arrive.

Q:

How do I cast my vote if my common stock is held of record in "street name"?

A:

If you own common stock through a broker, bank or other nominee (i.e., in "street name"), you must provide voting instructions in accordance with the instructions on the voting instruction card that your broker, bank or other nominee provides to you, since brokers, banks and other nominees do not have discretionary voting authority with respect to any of the three proposals described in this proxy statement. If you have not received such voting instructions or require further information regarding such voting instructions, contact your broker, bank or other nominee who can give you directions on how to vote your shares of common stock. If you hold your shares of common stock through a broker, bank or other nominee and wish to vote in person at the special meeting, you must obtain a "legal proxy," executed in your favor, from the broker, bank or other nominee (which may take several days).

Q:

What will happen if I abstain from voting or fail to vote?

A:

With respect to the proposal to approve the merger and the other transactions contemplated by the merger agreement, if you abstain from voting, fail to cast your vote in person or by proxy or if you hold your shares in "street name" and fail to give voting instructions to your broker, bank or other nominee, it will have the same effect as a vote "**AGAINST**" the merger and the other transactions contemplated by the merger agreement.

With respect to the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger and the proposal to approve any adjournments of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the special meeting to approve the merger and the other transactions contemplated by the merger agreement, if you

abstain from voting, fail to cast your vote in person or by proxy or if you hold your shares in "street name" and fail to give voting instructions to your broker, bank or other nominee, it will not have any effect on the outcome of such proposal.

Q:

How will proxy holders vote my shares of common stock?

A:

If you properly authorize a proxy prior to the special meeting, your shares of common stock will be voted as you direct. If you authorize a proxy but no direction is otherwise made, your shares will be voted "**FOR**" the proposal to approve the merger and the other transactions contemplated by the merger agreement, "**FOR**" the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger and "**FOR**" the proposal to approve any adjournments of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the special meeting to approve the merger and the other transactions contemplated by the merger agreement.

Q:

What happens if I sell my common stock before the special meeting?

A:

If you held shares of common stock on the record date but transfer them prior to the effective time, you will retain your right to vote at the special meeting, but not the right to receive the cash merger consideration for such shares. The right to receive such consideration when the merger becomes effective will pass to the person who owns the shares you previously owned.

Q:

Can I change my vote after I have mailed my proxy card?

A:

Yes. If you own common stock as a record holder on the record date, you may revoke a previously authorized proxy at any time before it is exercised by filing with our Secretary a notice of revocation or a duly authorized proxy bearing a later date or by attending the meeting and voting in person. Attendance at the meeting will not, in itself, constitute revocation of a previously authorized proxy. If you have instructed a broker to vote your shares, the foregoing options for changing your vote do not apply and instead you must follow the instructions received from your broker to change your vote.

Q:

Is the merger expected to be taxable to me?

A:

Yes. The receipt of the merger consideration for each share of our common stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. Generally, for U.S. federal income tax purposes, you will recognize gain or loss as a result of the merger measured by the difference, if any, between the merger consideration per share and your adjusted tax basis in that share of common stock. In addition, under certain circumstances, we may be required to withhold a portion of your merger consideration under applicable tax laws, including FIRPTA. See "The Merger Material U.S. Federal Income Tax Consequences" for a more complete discussion of the U.S. federal income tax consequences of the merger. Tax matters can be complicated, and the tax consequences of the merger to you will depend on your particular tax situation. We encourage you to consult your tax advisor regarding the tax consequences of the merger to you.

Q:

What rights do I have if I oppose the merger?

A:

If you are a common stockholder of record as of the close of business on the record date, you can vote against the proposal to approve the merger and the other transactions contemplated by the merger agreement. You are not, however, entitled to appraisal rights, dissenters' rights or similar rights of an objecting stockholder under Maryland law because our common stock was listed on the NYSE on the record date. See "No Dissenters' Rights of Appraisal."

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Q: ***Where can I find the voting results of the special meeting?***

A: We intend to announce preliminary voting results at the special meeting and publish final results in a Current Report on Form 8-K that will be filed with the SEC following the special meeting. All reports that we file with the SEC are publicly available on the SEC's website at www.sec.gov when filed.

Q: ***Can I participate if I am unable to attend the special meeting?***

A: If you are unable to attend the meeting in person, we encourage you to complete, sign, date and return your proxy card, or authorize your proxy or voting instructions by telephone or Internet. The special meeting will not be broadcast telephonically or over the Internet.

Q: ***What will happen to common stock that I currently own after completion of the merger?***

A: Following the completion of the merger, your shares of common stock will be canceled and will represent only the right to receive your portion of the cash merger consideration. Trading in our common stock on the NYSE will cease. Price quotations for our common stock will no longer be available and we will cease filing periodic reports with the SEC.

Q: ***Have any stockholders already agreed to approve the merger?***

A: Yes. Daniel L. Goodwin and certain of his affiliates have entered into a voting agreement to vote all of the shares of the company's common stock beneficially owned by them in favor of approval of the merger and the other transactions contemplated by the merger agreement.

Approximately 11,819,361 shares beneficially owned by Mr. Goodwin, or approximately [•]% of the company's common stock outstanding as of the record date, are subject to the voting agreement. Mr. Goodwin is one of our directors and engages, through his affiliates, in certain business activities with the company.

Q: ***Where can I find more information about the company?***

A: We file certain information with the SEC. You may read and copy this information at the SEC's public reference facilities. You may call the SEC at 1-800-SEC-0330 for information about these facilities. This information is also available on the SEC's website at www.sec.gov and on our website at www.inlandrealestate.com. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this proxy statement or any other report or document we file with or furnish to the SEC. You can also request copies of these documents from us. See "Where You Can Find More Information."

Q: ***Who will solicit and pay the cost of soliciting proxies?***

A: We will bear the cost of solicitation of proxies for the special meeting. Our board of directors is soliciting your proxy on our behalf. In addition to the use of mails, proxies may be solicited by personal interview, telephone, facsimile, e-mail or otherwise, by our officers, directors and other employees. We have engaged Innisfree M&A Incorporated , which we refer to as Innisfree, to assist in the solicitation of proxies for a fee of $15,000, plus reimbursement of out-of-pocket expenses. We also will request persons, firms and corporations holding shares in their names, or in the names of their nominees, that are beneficially owned by others to send or cause to be sent proxy materials to, and obtain proxies from, such beneficial owners and will reimburse such holders for their reasonable expenses in so doing.

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Q: ***Who can help answer my other questions?***

A: If after reading this proxy statement you have more questions about the special meeting or the merger, you should contact us at:

Inland Real Estate Corporation
814 Commerce Drive, Suite 300
Oak Brook, Illinois 60523
Attention: Secretary
(888) 331-4732

You may also contact Innisfree, our proxy solicitor, as follows:

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, New York 10022
Stockholders Call Toll-Free: (888) 750-5834
Banks and Brokers Call Collect: (212) 750-5833

If your broker holds your shares, you should also contact your broker for additional information.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement and the documents that we incorporate by reference herein contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act). Also, documents we subsequently file with the SEC and incorporate by reference may contain forward-looking statements. In particular, statements pertaining to (1) the completion of the merger on the terms summarized in this proxy statement and (2) our capital resources, portfolio performance and results of operations contain forward-looking statements. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise, and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "pro forma," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- the failure to satisfy conditions to completion of the merger, including receipt of stockholder approval;
- the failure of the merger to close for any other reason;
- the merger agreement may be terminated in circumstances that require the company to pay a termination fee of $30 million plus expenses up to $5 million;
- the failure of Parent to consummate its necessary financing arrangements;
- the occurrence of any change, effect, event, circumstance, occurrence or state of facts that could give rise to the termination of the merger agreement;
- the outcome of the legal proceedings that have been, or may be, instituted against us and others following announcement of our entering into the merger agreement related to the merger agreement or any of the transactions contemplated by the merger agreement;
- risks that the proposed transaction disrupts current plans and operations including potential difficulties in relationships with employees, tenants and partners;
- the amount of the costs, fees, expenses and charges related to the merger;
- the outcome of legal proceedings involving our subsidiaries;
- our objectives may conflict with our joint venture partners;
- adverse economic or real estate developments in the retail industry or the markets in which we operate;
- changes in local, regional and national economic conditions;

our inability to compete effectively;

our inability to collect rent from tenants;

defaults on or non-renewal of leases by tenants;

increased interest rates and operating costs;

decreased rental rates or increased vacancy rates;

our failure to obtain necessary outside financing on favorable terms or at all;

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- risks associated with derivative financial instruments used to hedge against interest rate fluctuations;
- changes in the availability of additional acquisition opportunities;
- our inability to successfully complete real estate acquisitions;
- our failure to successfully operate acquired properties and operations;
- our inability to quickly vary our portfolio;
- our concentration of properties in the Chicago and the Minneapolis-St. Paul metropolitan statistical areas;
- our failure to qualify or maintain our status as a REIT;
- our inability to attract and retain key personnel;
- government approvals, actions and initiatives, including the need for compliance with environmental requirements;
- financial market fluctuations;
- changes in real estate and zoning laws and increases in real property tax rates;
- risks associated with cybersecurity attacks, loss of confidential information and other business disruptions;
- the effects of earthquakes and other natural disasters; and
- lack of or insufficient amounts of insurance.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For a further discussion of these and other factors that could impact our future results, performance or transactions, see the section entitled "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2014 and in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, each as updated by our subsequent filings under the Exchange Act.

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PROPOSAL 1
PROPOSAL TO APPROVE THE MERGER

We are asking our common stockholders to vote on a proposal to approve the merger of Merger Sub with and into Inland Real Estate Corporation and the other transactions contemplated by the merger agreement.

For detailed information regarding this proposal, see the information about the merger and the other transactions contemplated by the merger agreement throughout this proxy statement, including the information set forth in the sections entitled "The Merger" and "The Merger Agreement." A copy of the merger agreement is attached as Annex A to this proxy statement.

Approval of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of holders of a majority of our outstanding shares of common stock as of the close of business on the record date for the special meeting. Because the required vote for this proposal is based on the number of votes our common stockholders are entitled to cast rather than on the number of votes cast, failure to vote your shares (including failure to give voting instructions to your broker, bank or other nominee) and abstentions will have the same effect as voting against the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Approval of this proposal is a condition to the completion of the merger. In the event this proposal is not approved, the merger cannot be completed.

Recommendation of the Board of Directors

Our board of directors unanimously recommends that our common stockholders vote "FOR" the proposal to approve the merger and the other transactions contemplated by the merger agreement.

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PROPOSAL 2
PROPOSAL TO APPROVE THE MERGER-RELATED COMPENSATION

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and Rule 14a-21(c) under the Exchange Act, we are asking our common stockholders to vote at the special meeting on a non-binding, advisory basis regarding the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger. Information intended to comply with Item 402(t) of Regulation S-K concerning this compensation, subject to certain assumptions described therein, is presented in the section entitled "The Merger Interests of Our Directors and Executive Officers in the Merger Quantification of Payments and Benefits."

The stockholder vote on executive compensation is an advisory vote only, and it is not binding on us or our board of directors. Further, the underlying arrangements are contractual in nature and not, by their terms, subject to stockholder approval. Accordingly, regardless of the outcome of the advisory vote, if the merger is completed, our named executive officers will be eligible to receive the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger, in accordance with the terms and conditions applicable to such compensation.

We are asking our common stockholders to vote "**FOR**" the following resolution:

"RESOLVED, that Inland Real Estate Corporation's common stockholders approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to Inland Real Estate Corporation's named executive officers that is based on or otherwise relates to the merger."

Adoption of the above resolution, on a non-binding, advisory basis, requires the affirmative vote of a majority of the votes cast on the proposal. Abstentions and broker non-votes will not affect this proposal. Approval of this proposal is a not a condition to the completion of the merger.

Recommendation of the Board of Directors

Our board of directors unanimously recommends that our common stockholders vote "FOR" the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger.

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PROPOSAL 3
PROPOSAL TO APPROVE ADJOURNMENTS OF THE MEETING

We are asking our common stockholders to vote on a proposal to approve any adjournments of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the special meeting to approve the merger and the other transactions contemplated by the merger agreement.

Approval of the proposal to approve any such adjournments of the special meeting requires the affirmative vote of holders of a majority of the votes cast on the proposal. Abstentions and broker non-votes will not affect this proposal. Approval of this proposal is a not a condition to the completion of the merger.

Recommendation of the Board of Directors

Our board of directors unanimously recommends that our common stockholders vote "FOR" the proposal to approve any adjournments of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the special meeting to approve the merger and the other transactions contemplated by the merger agreement.

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THE PARTIES TO THE MERGER

Inland Real Estate Corporation
814 Commerce Drive, Suite 300
Oak Brook, Illinois 60523
(888) 331-4732

Inland Real Estate Corporation, which we refer to as "we," "our," "us" or "the company," was organized as a Maryland corporation on May 12, 1994 and elected to be taxed as a real estate investment trust, or REIT, beginning with the taxable year ended December 31, 1995. To date, we have focused on acquiring and owning open-air neighborhood, community and power shopping centers and single-tenant retail properties located primarily in the Central and Southeastern United States. Through our wholly owned subsidiaries, Inland Commercial Property Management, Inc. and Inland TRS Property Management, Inc., we manage all of the properties we own interests in as well as properties for certain third parties and related parties. Our investment properties are typically anchored by stores which provide everyday goods and services to consumers, such as grocery, drug or discount, rather than stores that sell discretionary items.

DRA Growth and Income Fund VIII, LLC
c/o DRA Advisors LLC
220 East 42nd Street, 27th Floor
New York, New York 10017
(212) 697-4740

DRA Growth and Income Fund VIII, LLC, a Delaware limited liability company which we refer to as Parent, is an investment fund advised by DRA Advisors LLC, which we refer to as DRA. DRA is an investment advisor specializing in real estate investment and management services for institutional and private investors. DRA has over $6 billion in assets under management. Since 1986, DRA's focus has been consistent: conservative, value-added real estate investments in the office, retail, multi-family and industrial sectors in the United States. DRA's acquisitions since inception include 1,100 properties valued at over $22 billion.

DRA Growth and Income Fund VIII (A), LLC
c/o DRA Advisors LLC
220 East 42nd Street, 27th Floor
New York, New York 10017
(212) 697-4740

DRA Growth and Income Fund VIII (A), LLC, a Delaware limited liability company which we refer to as VIIIA, and together with Parent as the Parent Parties, is an investment fund advised by DRA.

Under the terms of the merger agreement, Parent and VIIIA may assign or delegate a portion of their respective rights, interests and obligations under the merger agreement to a newly-formed, direct wholly owned subsidiary of Parent prior to the closing provided that such entity agrees to be bound by the terms of the merger agreement as a "Parent Party."

Midwest Retail Acquisition Corp.
c/o DRA Advisors LLC
220 East 42nd Street, 27th Floor
New York, New York 10017
(212) 697-4740

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Midwest Retail Acquisition Corp., which we refer to as Merger Sub, is a Maryland corporation and an indirect wholly owned subsidiary of the Parent Parties. Merger Sub was formed solely for purposes of facilitating Parent Parties' acquisition of us and has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. Pursuant to the merger agreement, on the closing date, Merger Sub will merge with and into the company, Merger Sub will cease to exist, and the company will continue as the surviving entity in the merger.

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THE SPECIAL MEETING

Date, Time and Purpose of the Special Meeting

This proxy statement is being furnished to our common stockholders in connection with the solicitation of proxies by our board of directors to be exercised at a special meeting to be held on [•], 2016 at [9:00 a.m.] local time. The special meeting will be held at Three First Conference Center, 70 West Madison Street, Suite 1900, Chicago, Illinois 60602. The purpose of the special meeting is for you to consider and vote on the following matters:

1. a proposal to approve the merger of Merger Sub with and into Inland Real Estate Corporation and the other transactions contemplated by the merger agreement;

2. a proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger; and

3. a proposal to approve any adjournments of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the special meeting to approve the merger and the other transactions contemplated by the merger agreement.

A majority of our common stockholders entitled to vote at the special meeting must approve the merger and the other transactions contemplated by the merger agreement for the merger to occur. A copy of the merger agreement is attached as Annex A to this proxy statement, which we encourage you to read carefully in its entirety.

Record Date, Notice and Quorum

All holders of record of our common stock as of the record date, which was the close of business on [•], 2016, are entitled to receive notice of, attend and vote at the special meeting or any postponements or adjournments of the special meeting. Each common stockholder will be entitled to cast one vote on each matter presented at the special meeting for each share of common stock that the holder owned as of the record date. On the record date, there were [•] shares of common stock outstanding and entitled to vote at the special meeting.

The presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast as of the close of business on the record date will constitute a quorum for purposes of the special meeting. A quorum is necessary to transact business at the special meeting. Abstentions will be counted as shares present for the purposes of determining the presence of a quorum. If a quorum is not present at the special meeting, we expect that the special meeting will be adjourned to a later date.

Required Vote

Completion of the merger requires approval of the merger and the other transactions contemplated by the merger agreement by the affirmative vote of holders of a majority of our outstanding shares of common stock as of the record date for the special meeting. Each common stockholder is entitled to cast one vote on each matter presented at the special meeting for each share of common stock owned by the stockholder on the record date. Because the required vote for this proposal is based on the number of votes our common stockholders are entitled to cast rather than on the number of votes cast, failure to vote your shares (including failure to give voting instructions to your broker, bank or other nominee) and abstentions will have the same effect as voting against the proposal to approve the merger and the other transactions contemplated by the merger agreement.

In addition, the approval of the non-binding, advisory proposal regarding the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to

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the merger and the approval of the proposal regarding any adjournments of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the special meeting to approve the merger and the other transactions contemplated by the merger agreement each requires the affirmative vote of a majority of the votes cast on the proposal. Approval of these proposals is not a condition to completion of the merger. For the purpose of these proposals, if a common stockholder fails to cast a vote on either of these proposals, in person or by authorizing a proxy, such failure will not have any effect on the outcome of such proposal. Abstentions are not considered votes cast and therefore will have no effect on the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger or the proposal to approve any adjournments of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the special meeting to approve the merger and the other transactions contemplated by the merger agreement.

Accordingly, in order for your shares of common stock to be included in the vote, if you are a stockholder of record, you must either return the enclosed proxy card, authorize your proxy or voting instructions by telephone or Internet or vote in person at the special meeting. The vote of the holders of our preferred stock is not required to approve any of the proposals at the special meeting, and is not being solicited.

As of the record date, our directors and executive officers owned and are entitled to vote an aggregate of approximately **[•]** shares of our common stock, entitling them to exercise approximately **[•]**% of the voting power of our common stock entitled to vote at the special meeting. Our directors and executive officers have informed us that they intend to vote the shares of our common stock that they own in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement, in favor of the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger and in favor of the proposal to approve any adjournments of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the special meeting to approve the merger and the other transactions contemplated by the merger agreement.

Concurrently with the execution of the merger agreement on December 14, 2015 and as contemplated by the merger agreement, Daniel L. Goodwin, one of our directors, entered into a voting agreement, which we refer to as the voting agreement. Pursuant to the voting agreement, Mr. Goodwin and certain of his affiliates agreed to vote all of the shares of the company's common stock beneficially owned by them in favor of approval of the merger and the other transactions contemplated by the merger agreement.

Approximately 11,819,361 shares beneficially owned by Mr. Goodwin and his affiliates, or approximately [•]% of the company's common stock outstanding as of the record date, are subject to the voting agreement.

Votes cast by proxy or in person at the special meeting will be counted by the person appointed by us to act as inspector of election for the special meeting. The inspector of election will also determine whether a quorum is present at the special meeting.

How to Authorize a Proxy

Holders of record of our common stock may vote or cause their shares to be voted by proxy using one of the following methods:

- mark, sign, date and return the enclosed proxy card by mail;
- authorize your proxy by telephone or by Internet by following the instructions included with your proxy card; or

appear and vote in person by ballot at the special meeting.

Regardless of whether you plan to attend the special meeting, we request that you authorize a proxy to vote your shares of common stock as described above as promptly as possible.

If you own common stock through a broker, bank or other nominee (i.e., in "street name"), you must provide voting instructions in accordance with the instructions on the voting instruction card that your broker, bank or other nominee provides to you, as brokers, banks and other nominees do not have discretionary voting authority with respect to any of the three proposals described in this proxy statement. You should instruct your broker, bank or other nominee as to how to vote your shares of common stock following the directions contained in such voting instruction card. If you have not received such voting instructions or require further information regarding such voting instructions, contact your broker, bank or other nominee who can give you directions on how to vote your shares of common stock. If you hold your shares of common stock through a broker, bank or other nominee and wish to vote in person at the special meeting, you must obtain a "legal proxy," executed in your favor, from the broker, bank or other nominee (which may take several days).

Proxies and Revocation

If you authorize a proxy, your shares of common stock will be voted at the special meeting as you indicate on your proxy. If no instructions are indicated when you authorize your proxy, your shares of common stock will be voted in accordance with the recommendations of our board of directors. Our board of directors recommends that you vote "**FOR**" the proposal to approve the merger and the other transactions contemplated by the merger agreement, "**FOR**" the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger and "**FOR**" the proposal to approve any adjournments of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the special meeting to approve the merger and the other transactions contemplated by the merger agreement.

You may revoke your proxy at any time, but only before the proxy is voted at the special meeting, in any of three ways:

- by delivering, prior to the date of the special meeting, a written revocation of your proxy dated after the date of the proxy that is being revoked to our Secretary at 814 Commerce Drive, Suite 300, Oak Brook, Illinois 60523;
- by delivering to our Secretary a later-dated, duly executed proxy or by authorizing your proxy by telephone or by Internet at a date after the date of the previously authorized proxy relating to the same shares of common stock; or
- by attending the special meeting and voting in person by ballot.

Attendance at the special meeting will not, in itself, constitute revocation of a previously granted proxy. If you own shares of common stock in "street name," you may revoke or change previously granted voting instructions by following the instructions provided by the broker, bank or other nominee that is the registered owner of the shares.

Solicitation of Proxies

We will bear the cost of solicitation of proxies for the special meeting. In addition to the use of mails, proxies may be solicited by personal interview, telephone, facsimile, e-mail or otherwise, by our officers, directors and other employees. We have engaged Innisfree to assist in the solicitation of proxies for a fee of $15,000, plus reimbursement of out-of-pocket expenses. We also will request persons, firms and corporations holding shares in their names, or in the names of their nominees, that

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are beneficially owned by others to send or cause to be sent proxy materials to, and obtain proxies from, such beneficial owners and will reimburse such holders for their reasonable expenses in so doing.

Adjournments

Although it is not currently expected, the special meeting may be adjourned for the purpose of soliciting additional proxies if the holders of a sufficient number of shares of common stock are not present at the special meeting, in person or by proxy, to constitute a quorum or if we believe it is reasonably likely that the merger and the other transactions contemplated by the merger agreement will not be approved at the special meeting when convened on **[•]**, 2016, or when reconvened following any adjournment.

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THE MERGER

General Description of the Merger

Under the terms of the merger agreement, Parent Parties will acquire the company and its subsidiaries through their ownership of Merger Sub and the merger of Merger Sub with and into the company. Under the merger agreement, Merger Sub will merge with and into the company, with Inland Real Estate Corporation continuing as the surviving entity.

Background of the Merger

The board periodically reviews our business plan and the long-term strategy for achieving success under the plan considering developments in both the capital markets generally and real estate markets specifically. In recent years, the board has focused on the fact that the company's common stock has traded at a discount to the estimated market value of our assets and the multiples accorded the stock prices of its shopping center peers. Thus, the company's implied cost of equity capital has been higher than that of its peers. Further, (1) because the company has not been able to achieve an "investment grade" rating, management believed that the company's borrowing costs have generally been greater than these costs would have been had the company been able to achieve such a rating and (2) because of the concentration of shopping centers located in Cook County, Illinois, the board was focused on the possibility that property taxes with respect to its operations could rise significantly in the near future.

In late 2014, representatives of Silver Portal Capital, which we refer to herein as Silver Portal, a real estate investment and merchant banking boutique which had in the past done work with the company, met with Messrs. Zalatoris (a director and the company's president and chief executive officer) and Brown (the company's executive vice president and chief financial officer). At this meeting, Silver Portal suggested that management consider strategic alternatives, particularly a transaction in which the company would go private.

Between February and mid-April 2015, the company's management and representatives of Silver Portal had additional discussions regarding the company's strategic alternatives, particularly a transaction in which the company would go private.

On April 16, 2015, at a regularly scheduled meeting of the board, called to, among other things, finalize the company's proxy statement for the upcoming 2015 annual meeting of its stockholders, Mr. Zalatoris informed the other board members of his discussions with Silver Portal and proposed to the board the possibility of engaging Silver Portal. The board engaged in a general discussion of the company's market position and potential strategic alternatives including whether to consider refocusing the company's business plan.

On April 23, 2015, at a meeting of the board, Mr. Zalatoris provided the other board members with a copy of the presentation made to the company's management by Silver Portal. Mr. Zalatoris also informed the board that Silver Portal had indicated that two or three parties had contacted Silver Portal on an unsolicited basis to express interest in discussing a strategic transaction with the company, although these parties were not identified. At this meeting, the board continued the discussion from the previous board meeting with respect to the company's market position and potential strategic alternatives. The board did not make a decision with respect to engaging Silver Portal at either the April 16, 2015 or April 23, 2015 board meetings.

On May 21, 2015, at a meeting of the board, the board considered engaging Silver Portal solely for the limited purpose of engaging in discussions with three parties, referred to herein as DRA, Party B and Party C, and a fourth party, which we refer to herein as Party D, and to ascertain whether any of these parties were interested in pursuing a potential strategic transaction with the company and, if so, the terms that such party was contemplating in connection therewith. In addition and given that BMO had, in early 2014, preliminary discussions with an additional party, which we refer to herein as Party

A, regarding Party A's potential interest in a strategic transaction involving the company, the board discussed engaging BMO for the limited purpose of contacting Party A to ascertain whether Party A was interested in pursuing a potential strategic transaction with the company and, if so, the terms that such party was contemplating in connection therewith. At the conclusion of the meeting, the board authorized the company to engage Silver Portal and BMO on the limited basis described above. At this time, the board was not interested in pursuing a strategic transaction and had not made a decision to engage in a full review of strategic alternatives, however, because of the information provided to it by Silver Portal, it was interested in understanding how the parties that had contacted Silver Portal had valued the company. As such, there was no reason to engage Silver Portal, BMO or any other financial advisor on a broader basis. The trading price of the company's common stock on the NYSE closed at $10.29 on May 21, 2015.

On May 26, 2015, the company formally engaged BMO. On May 26, 2015, representatives of BMO and Party A discussed Party A's general view of the company. Party A advised BMO that Party A would update its due diligence and advise BMO if Party A was interested in pursuing discussions. During the months of June and July, Party A conducted due diligence on the company, including discussions with BMO and the company's senior management as well as property tours. As noted below, in early August Party A advised BMO that it was not interested in pursuing a strategic transaction. The terms of BMO's engagement are described in " Opinion of Our Financial Advisor Miscellaneous."

On June 2, 2015, the company formally engaged Silver Portal. The terms of Silver Portal's engagement are described in " Fees Payable to Financial Advisors."

Between June 10, 2015 and June 29, 2015, representatives of Silver Portal had discussions with DRA, Party B, Party C and Party D. The discussions were general in nature and limited to an overview of the company's properties and business plan. On June 29, 2015, DRA signed a non-disclosure agreement with the company and was given access to a data room on July 10, 2015.

On June 30, 2015, at a board meeting following the annual meeting of the company's stockholders, representatives of BMO updated the board on discussions with Party A. Silver Portal presented to the board a draft information memorandum that Silver Portal proposed to send to interested parties. In its discussion, the board took note of the potential involvement of management in a going private transaction. Following further discussion with Proskauer Rose, LLP, the company's outside counsel, which we refer to herein as Proskauer, and Venable LLP, the company's outside Maryland counsel, which we refer to herein as Venable, the board asked Mr. Zalatoris to recuse himself from the meeting and from any future discussions related to a potential strategic transaction. Thereafter, unless noted otherwise herein, Mr. Zalatoris did not participate in any board meetings where a possible strategic transaction was discussed.

Between July 6, 2015 and July 10, 2015, Silver Portal provided access to a data room to Party C and Party D. On July 7, 2015, Silver Portal was advised by Party B that it was only interested in pursuing a transaction in which it would make a minority investment in connection with a transaction where an unrelated party would acquire a majority interest in the company. In July and August, Party C engaged in a due diligence review of the company, but informed Silver Portal on August 24, 2015 that it was not interested in pursuing a strategic transaction as noted below. In July, Silver Portal was also advised by Party D that it was not interested in pursuing a strategic transaction.

Between July 16, 2015 and August 3, 2015, representatives of Silver Portal also engaged in discussions with DRA. The discussions focused on the company's business strategy and properties. On July 29, 2015, senior members of the company's management, along with representatives of Silver Portal, met with representatives of DRA in New York to further discuss the company's business plan and to gain insight into, among other things, DRA's history, investment strategy and objectives.

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On August 4, 2015, at a meeting of the board, representatives of Silver Portal updated the board on Silver Portal's discussions with interested parties and explained its expectation that DRA would submit an indication of interest once they had completed preliminary due diligence, including property tours. After Mr. Zalatoris and the representatives of Silver Portal were excused from the meeting, BMO joined the meeting and advised the board that Party A had determined not to submit an indication of interest in connection with a potential strategic transaction with the company. BMO also provided the board with a separate analysis of the company's performance, market and growth potential noting the difficulty the company faced due to many factors including its relatively high cost of capital.

Between August 5, 2015 and August 20, 2015, representatives of Silver Portal, management and DRA continued to discuss the company and its business plan. Representatives of DRA also toured the company's properties in the Chicago and Minneapolis metropolitan areas but DRA did not make a formal proposal. During this period, representatives of Silver Portal, management and Party C continued to discuss the company.

On August 21, 2015, at a meeting of the board, Silver Portal told the board that it expected DRA to provide an indication of interest and that Party C was unlikely to provide an indication of interest even though it was evaluating the opportunity. On August 24, 2015, Party C confirmed that it would not provide an indication of interest because the company's assets were too concentrated in the Midwest.

On the morning of September 3, 2015, the board received a non-binding term sheet from DRA expressing its interest in acquiring all of the company's outstanding shares of common stock for $10.10 per share in cash. The trading price of the company's common stock on the NYSE closed at $8.26 on September 3, 2015. The term sheet requested a 30-day exclusivity period to negotiate a definitive agreement, and contemplated that the definitive agreement would contain (1) representations and warranties consistent with a private real estate portfolio transaction (as compared to a public corporate transaction), (2) a "no-shop" provision prohibiting the company from soliciting and negotiating other proposals to acquire the company (but would not contain a "go-shop" provision that would have allowed the company to solicit competing proposals for a limited period after the signing of a merger agreement), (3) a requirement that the company pay a $50 million termination fee to DRA in certain circumstances, including when the merger agreement is terminated to accept a superior proposal or because the board changes its recommendation, (4) no financing contingencies and (5) a limit on the company's ability to pay dividends in excess of the minimum needed to comply with REIT tax requirements. DRA also provided a draft merger agreement. The draft merger agreement provided by DRA raised, in our view, numerous issues, including, among other things, (1) concern regarding certainty of closing in light of conditions relating to third party consents, regulatory approvals and the need for employment agreements with certain employees, (2) did not contain a "go-shop" and contained fiduciary-out provisions that were overly restrictive on the company and not consistent with market practice, (3) contained extremely broad representations that were not consistent in scope with representations typically given in a public company transaction, (4) provided broad termination rights to DRA in the event of any breaches of representations, warranties and covenants, (5) no customary provisions regarding the financing that DRA contemplated in connection with the transaction and (6) numerous interim operating covenants which would broadly limit the company's ability to operate in the ordinary course.

From September 3, 2015 until DRA was granted exclusivity on November 17, 2015, DRA insisted that it would not complete its diligence or fully negotiate a merger agreement until it was granted exclusivity. Throughout this period, the board was determined to ensure that an effective "market check" was implemented either through the inclusion of (1) a "go shop" period and fiduciary-out provisions that were not overly preclusive for potential competing acquirers or (2) a pre-signing

"market check" and fiduciary-out provisions that were not overly preclusive for potential competing acquirers.

On September 3, 2015, the board met to discuss the proposal and its terms with representatives of Silver Portal, Proskauer and Venable. Venable provided the board with an overview of the directors' duties under Maryland law in the case of an all-cash "change of control" transaction. Proskauer and Venable further discussed with the board (1) the terms of the merger agreement and the term sheet, particularly focusing on the issues noted above in the discussion of the draft merger agreement circulated by DRA, (2) the potential issues raised by entering into a merger agreement that did not provide for a "go-shop" period given DRA's request for exclusivity and the process that had so far been conducted, (3) the potential issues raised by having a $50 million termination fee given the size of the proposed transaction and (4) the potential issues that could ensue if the company's current management joined DRA after the transaction was consummated. At the meeting, the board asked Silver Portal and management to prepare an analysis of the proposal and scheduled a meeting to continue the discussion.

On September 12, 2015, at a meeting of the board, representatives of Silver Portal as well as members of the company's senior management provided the board with a financial analysis of DRA's proposal, including from a historical basis based on the company's past closing share prices and an analysis of the major differences between management's estimate of per share net asset value, or NAV, and the proposed price offered by DRA. Discussion focused on the fact that the proposed per share offer price was approximately $1.90 per share less than management's internal estimate of NAV which had been previously presented to the board. The board viewed NAV as a particularly valuable metric to consider in analyzing the value of the company in connection with a change of control transaction because, in its view, the trading prices of publicly-traded REITs were in general depressed. Silver Portal was of the view that pursuing a transaction with DRA was the most effective way to maximize value to the company's stockholders instead of pursuing other strategic alternatives including remaining as an independent company. After excusing representatives of Silver Portal and management, Venable again summarized the duties imposed on the board members under Maryland law in the case of an all-cash change of control transaction, as well as the potential issues raised by entering into an agreement that did not provide a "go-shop" period and that contemplated a termination fee that was disproportionately large in relation to the dollar value of the transaction. The board discussed the potential transaction and board members expressed significant concerns relating to the adequacy of the consideration in DRA's proposal. The board also discussed alternatives to pursuing a transaction with DRA including refocusing the company's strategic plan with potential changes in management along with the risks of a new strategy and practical limits on the company's ability to fund any strategic repositioning due to its higher than peer cost of capital.

On September 18, 2015, the board met to further discuss DRA's proposal, including the differences between DRA's proposal and management's estimate of NAV, with representatives of Silver Portal and management. As part of their presentation to the board, representatives of management presented a revised estimate of NAV, which had been reduced by $0.99 per share. After excusing the representatives of Silver Portal and management, the board further discussed the response to DRA. In line with management's revised estimate of NAV and upon consideration of the other alternatives available to it, the board authorized Mr. D'Arcy to make a counter proposal to DRA's proposal at $11.00 per share and to note the need to further discuss certain terms of the term sheet, including the need for a "go-shop" right and a reduction in the termination fee. The trading price of the company's common stock on the NYSE closed at $8.18 on September 18, 2015. The board also continued discussions of implementing a new strategic plan with potential changes in management. As part of the decision to counter DRA's proposal, the board discussed the desirability of engaging an additional financial advisor to provide another view regarding DRA's proposal and other strategic alternatives before engaging in

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more definitive negotiations with DRA. Mr. D'Arcy was asked to seek proposals from potential financial advisors.

On September 21, 2015, on a teleconference with Brian Summers, the managing director and chief financial officer of DRA, Mr. D'Arcy and representatives of Silver Portal presented the company's counter proposal of $11.00 per share, which was not accepted by DRA.

On September 25, 2015, at a meeting of the board, representatives of Silver Portal provided an update on the discussions with DRA. Mr. Zalatoris noted that management would be further updating its analysis of NAV based on DRA's analysis. No action was taken pending receipt of further analysis from management.

On September 28, 2015, a subset of the board consisting of Messrs. D'Arcy, McAuley and Goodwin, discussed additional analysis provided by Silver Portal and a revised estimate of NAV prepared by management reflecting an additional decline of $0.50 per share from its original estimate.

During the period from September 19, 2015 to September 30, 2015, Mr. D'Arcy interviewed third party firms to serve as an additional financial advisor to the company and the board, including BMO.

On September 30, 2015, at a meeting of the board, the board authorized engaging BMO to serve as a financial advisor to the company and its board to further evaluate DRA's proposal and to assist the board in evaluating strategic alternatives, including contacting other possible counter-parties for a strategic transaction and to render a fairness opinion on a transaction if requested by the board. In authorizing BMO's engagement, the board took into account BMO's familiarity with the company and its expertise and experience in the REIT industry and in public company transactions. On October 6, 2015, the company and BMO entered into an engagement letter.

On October 1, 2015, Messrs. D'Arcy, McAuley and Goodwin, as well as representatives of BMO, Silver Portal and Proskauer met in person near the company's office with representatives of DRA to discuss DRA's proposal and the company's counter proposal. The discussion focused primarily on the gap between the board's view of value and DRA's view of value as reflected by its initial proposal. The representatives of DRA explained in further detail its interest in the company and its management team. The representatives of DRA confirmed that DRA had no commitments to any of the company's management team and that despite the provisions of the original term sheet, the transaction would not be contingent on employment agreements with management. At the end of the meeting, DRA indicated that it was prepared to increase its proposal to $10.25 per share.

On October 9, 2015, at a meeting of the board, representatives of BMO made a presentation regarding the DRA proposal and other strategic alternatives, including (1) maintaining the company's current strategic plan, (2) engaging in a publicly-announced strategic repositioning, potentially with certain management changes, (3) exiting certain joint venture investments, (4) continuing discussions with DRA on an exclusive basis and (5) continuing discussions with DRA while soliciting interest from additional parties. The Board and BMO discussed that the company's current cost of capital did not support external growth, that the company's portfolio had limited internal growth prospects and that exiting one of the company's joint ventures would be dilutive in the near term even though it could provide significant capital for future growth. The trading price of the company's common stock on the NYSE closed at $8.60 on October 9, 2015. The board discussed making a counter proposal at $10.75 per share, but deferred the decision to make a formal counter proposal until after a subsequent meeting at which the board would further discuss the transaction process and Proskauer would present a more detailed analysis of the non-economic terms of the proposed transaction.

On October 11, 2015, at a meeting of the board, representatives of Proskauer and Venable reviewed in detail the material issues in the draft merger agreement prepared by DRA. As noted above, there were significant issues in the draft merger agreement. This review and the ensuing discussion resulted in the board concluding that either significant changes would be required to revise

the draft merger agreement prepared by DRA, or the board would have to instruct Proskauer to prepare a merger agreement that was more consistent with market practice in public company transactions. In addition, the board, Proskauer and Venable further discussed the importance of obtaining a customary "go-shop" provision and having a lower termination fee. After the discussion was completed, the board authorized Mr. D'Arcy and BMO to present a counter proposal of $10.75 per share on terms including a customary "go-shop" provision, a termination fee not to exceed $30 million, conditions and representations consistent with a public corporate transaction (as compared to a private real estate portfolio transaction which typically contain more extensive representations) and appropriate remedies for the company in case of a breach by DRA.

On October 13, 2015, Mr. D'Arcy and representatives of BMO presented the counter proposal to representatives of DRA.

On October 15, 2015, Mr. D'Arcy received a revised non-binding term sheet from DRA to acquire all of the company's outstanding shares of common stock for $10.50 per share in cash. The trading price of the company's common stock on the NYSE closed at $8.67 on October 15, 2015. The revised term sheet included a new provision requiring the company to pay all fees due to Silver Portal, BMO and other advisors to the company. The revised term sheet reiterated DRA's request for a 30-day exclusivity period to negotiate a definitive agreement, and contemplated that the definitive agreement would contain (1) representations and warranties consistent with a private real estate portfolio transaction (as compared to a public corporate transaction), (2) a limited "go-shop" provision permitting the company to solicit superior proposals for 21 days following the signing of the merger agreement, (3) a requirement that the company pay a $40 million termination fee to DRA in certain circumstances, including when the merger agreement is terminated to accept a superior proposal or because the board changes it recommendation, (4) no financing contingencies and (5) a limit on the company's ability to pay dividends in excess of the minimum needed to comply with REIT tax requirements. DRA did not provide a revised draft of the merger agreement reflecting the revised terms and the term sheet did not address the concerns the company had expressed to DRA regarding, among other things, the certainty of closing.

On October 16, 2015, at a meeting of the board, the board discussed the revised term sheet with BMO, Proskauer and Venable. The discussion in particular focused on (1) the fact that DRA's revised proposal did not satisfy the financial parameters desired by the board with respect to the price per share, (2) the fact that a 21-day "go-shop" period was unusually short and not consistent with market practice, (3) the size of the termination fee was too large, (4) the need to clarify how DRA was going to finance the transaction and (5) the restrictions on the payment of dividends prior to closing. Representatives of BMO, Proskauer and Venable also noted the provision included for the first time in the revised term sheet requiring the company pay all fees due to Silver Portal, BMO and other advisors to the company, including Proskauer and Venable. It was unclear from the term sheet to the board and its advisors whether the obligation to pay these fees meant that DRA's proposal was for $10.50 per share or if it was to be viewed as $10.50 per share less these costs, which would result in the stockholders receiving less than $10.50 per share. After further discussion, the board authorized Mr. D'Arcy and BMO to present a counter proposal of $10.75 per share explicitly contemplating that all fees due to Silver Portal, BMO and other advisors to the company, including Proskauer and Venable, would not reduce the amount paid to stockholders and including a customary "go-shop" provision with a longer period to solicit superior proposals, a termination fee not to exceed $30 million and conditions and representations consistent with a public corporate transaction (as compared to a private real estate portfolio transaction which typically contain more extensive representations).

The counter proposal was presented to DRA at a meeting between Mr. D'Arcy and representatives of DRA and BMO shortly after the board meeting. Between October 16, 2015 and October 19, 2015, Mr. D'Arcy and Mr. Summers engaged in a series of phone calls discussing the economics of the

transaction and exchanged ideas on potential solutions for closing the gap between DRA's proposal and the company's counter proposal. Mr. Summers confirmed that DRA's previous proposal of $10.50 per share contemplated that stockholders would receive the net between $10.50 and the costs incurred by the company for its various advisors. Mr. Summers explained that the effect of DRA's position with respect to the payment of dividends in the period between signing and closing was that the company would not be permitted to pay dividends between signing and closing. Mr. D'Arcy told Mr. Summers that neither the limit on payment of dividends upon signing the merger agreement nor the purchase price being reduced for advisor expenses was acceptable and encouraged Mr. Summers to submit a proposal closer to the company's counter proposal. On October 20, 2015, DRA presented a revised term sheet in substantially identical form to the term sheet of October 15, 2015, except the proposed price per share of common stock was increased to $10.60 per share net to stockholders.

On October 21, 2015, at a meeting of the board, the board discussed the revised proposal with representatives of BMO, Proskauer and Venable. The board remained concerned with the short "go-shop" period and the size of the termination fee. As a result of these concerns and the inability to close the gaps despite extensive discussion with DRA, the board further discussed pursuing other alternatives to a transaction with DRA, including soliciting other bidders or engaging in a publicly-announced strategic repositioning, potentially with certain management changes. The board discussed that pursuing strategic alternatives other than a sale transaction involving DRA or another bidder would likely take time to produce an increase in value to stockholders and would expose the company to execution risk. After the discussion was completed, the board authorized Mr. D'Arcy and BMO to communicate to DRA that the price per share was generally acceptable to the board, but that outstanding issues with respect to the "go-shop," the termination fee, the conditionality of the merger agreement and restrictions on the company's ability to pay dividends would need to be resolved before the negotiations could progress and exclusivity was granted to DRA.

From October 22, 2015 to October 28, 2015, Mr. D'Arcy, along with representatives of BMO and Proskauer, continued to negotiate the terms of DRA's proposal with Mr. Summers and DRA's counsel, Blank Rome, LLP, which we refer to herein as Blank Rome. During that period, representatives of Proskauer and Blank Rome also held a teleconference to discuss the merger agreement. Although in the course of these negotiations the parties agreed on various items, including with respect to certain of the conditions in the merger agreement, and DRA agreed to obtain commitment letters with respect to its financing, certain issues that were fundamental to the board remained unresolved. In particular, even though DRA agreed to a 30-day "go-shop" period, the parties disagreed as to whether the termination fee payable for a qualified "go-shop" bidder (i.e., a bidder that materialized during the "go-shop" period) would be different than the termination fee payable to parties that materialized after the "go-shop" period. In addition, DRA did not agree with the company's position that dividends would be payable in accordance with past practice through the closing of the merger, effectively lowering the value of the proposal. These disagreements resulted in the company being uncomfortable from both an economic and fiduciary perspective with DRA's proposal and with granting DRA exclusivity.

On October 23, 2015 and October 24, 2015, BMO had calls with two other parties that had contacted certain members of the board. Specifically, one party, which we refer to herein as Party W, orally expressed an interest in considering a transaction in which it would acquire all of the company's outstanding shares of common stock in the range of $11.00 per share in cash, which was subsequently confirmed in a written indication of interest to the company on October 27, 2015. Party W further indicated that its proposal was a preliminary and non-binding expression of interest based solely on publicly available information and that further diligence would be required to formalize a proposal. The second party, which we refer to herein as Party X, orally expressed an interest in acquiring the company but did not provide any indication of pricing.

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On October 26, 2015, at a meeting of the board, representatives of Proskauer summarized their conversations with Blank Rome. The discussion focused again on soliciting other potential bidders either through a publicly-announced process or through a targeted-process. One of the considerations that the board took into account was whether engaging in a pre-signing "market check" would result in DRA abandoning a potential transaction. BMO also provided the board with its view of pursuing each strategy.

On October 27, 2015, at a meeting of the board, representatives of BMO advised the board of the two unsolicited indications of interest and its discussions with Party W and Party X. BMO stated that, after further discussions, Party X concluded that it was not interested in making a proposal in a price range that would be acceptable to the board. On October 28, 2015, Party W and the company entered into a non-disclosure agreement allowing Party W access to a data room.

On October 28, 2015, at a meeting of the board, the board was updated by representatives of BMO on its discussions with Party W, and engaged in discussion with representatives of BMO and Proskauer regarding the desirability of conducting a formal, targeted "market check" and the potential impact on discussions with DRA. Despite concerns regarding DRA's response the board determined that, in light of the interest from Party W and the inability to make progress on the termination fee and go-shop provisions with DRA, it was advisable to solicit interest from potential financial and strategic buyers. As such, the board authorized BMO to begin soliciting interest and authorized Proskauer to prepare an auction draft merger agreement to be used for all interested parties. At this meeting, BMO also noted that Party W was engaged in site tours and contemplated making a formal proposal.

On October 29, 2015, Mr. D'Arcy apprised Mr. Summers of DRA of the board's decision to solicit other potential parties. Mr. D'Arcy also noted to Mr. Summers that engaging in a pre-signing "market check," would give the company flexibility to evaluate the continuing need for a "go-shop" provision if negotiations with DRA continued.

During the period from October 29, 2015 to November 9, 2015, BMO contacted 15 parties (excluding Party W and DRA) who BMO believed were credible potential buyers of the company, ten of whom received a process letter and entered into non-disclosure agreements. Three of the parties contacted declined up front to participate in the process.

On November 3, 2015, at a meeting of the board, representatives of BMO updated the board on the status of the solicitation efforts. BMO added that DRA continued to review material in the data room and had sent the company a list of legal due diligence questions that management was reviewing.

On November 5, 2015, BMO followed up with another status report to the board with respect to the solicitation efforts.

On November 9, 2015, four parties submitted, or maintained, indications of interest to BMO as follows: (1) DRA, on substantially the same terms submitted on October 21, 2015; (2) Party W, verbally, in the range of $9.00-9.50 per share despite its earlier indication of an $11.00 per share range; (3) another party, which we refer to herein as Party Y, in the range of $10.50-10.75 per share; and (4) another party, which we refer to herein as Party Z, stating that it was only interested in acquiring a portion of the company's assets for approximately $667 million. The trading price of the company's common stock on the NYSE closed at $8.65 on November 9, 2015.

On November 10, 2015, at a meeting of the board, representatives of BMO summarized the preliminary indications of interest received noting that (1) Party W's bid was significantly lower than its initial indication of interest of $11.00 per share, (2) Party Y's indication was based solely on a review of material in the data room and management's assumptions, and therefore there was significant risk that Party Y would not be in a position to make a definitive bid in a timely fashion within a range of values acceptable to the company and (3) Party Z's bid was not for the entire company. In addition, BMO

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noted that none of the other solicited parties had come forth with an indication of interest. BMO advised the board that in BMO's view, the process represented a reasonable market check of likely potential buyers, and that DRA's proposal, which had remained consistent during the course of the process, remained an attractive proposal taking into account price and certainty of execution. Nonetheless, the board decided against granting exclusivity to DRA until further progress was made on the terms of the proposed merger agreement. As such, the board authorized Proskauer to send the draft auction merger agreement that it had prepared to Blank Rome requesting a mark-up or detailed issues list.

On November 11, 2015, Blank Rome sent Proskauer a material issues list which, among other things, noted that (1) representations and covenants regarding DRA's financing commitments should be deleted, (2) if the merger agreement was terminated due to a breach by the company of its representations and covenants, the termination fee plus out-of-pocket expenses should be payable, and (3) the company not pay dividends in the period between signing and closing.

On November 12, 2015, Proskauer and Blank Rome discussed the material issues in the merger agreement identified by Blank Rome. Blank Rome indicated to Proskauer that, with respect to major points and except as otherwise noted in their material issues list, DRA was generally in agreement with the terms and conditions of the draft merger agreement submitted by Proskauer.

Despite the limited number of issues, the board remained particularly concerned with DRA's position that the company suspend dividend payments between signing and closing (which could reduce value by approximately $0.12-0.16 per share assuming three to four months between signing and closing) and DRA's unwillingness to obtain financing commitment letters to support its funding. Between November 10, 2015 and November 14, 2015, Mr. D'Arcy and BMO had a number of conversations with Mr. Summers regarding these items. Ultimately, in order to obtain exclusivity, DRA agreed that it would obtain financing commitment letters and allow the company to continuing paying regular monthly dividends in the same amounts as had historically been paid except for payments during the stub period.

On November 17, 2015, at a meeting of the board, BMO advised the board that BMO had informed Party Y, at the board's direction, that its indication of interest was not compelling and that Party Y had not engaged in meaningful due diligence to that point and therefore the company would not be continuing negotiations with Party Y at that time. BMO further advised that none of the other solicited parties had come forth with revised or new indications of interest. Proskauer also provided a summary of the ongoing discussions with Blank Rome and DRA regarding the terms of DRA's debt financing commitment and the other issues raised by Blank Rome and DRA. Representatives of Proskauer advised the board that, in Proskauer's view, all the issues identified by Blank Rome and DRA could likely be resolved if the parties engaged in active negotiation. Following discussion, the board authorized the company to enter into a 21-day exclusivity agreement with DRA. Later that day, the company and DRA entered into a 21-day exclusivity agreement which was subsequently amended on December 8, 2015 to extend exclusivity through December 15, 2015.

From November 17, 2015 to December 14, 2015, DRA and Blank Rome performed additional diligence and negotiated the merger agreement with the company and Proskauer. During this period, DRA and Blank Rome also negotiated debt financing commitment letters with Wells Fargo (DRA's lender) and its counsel.

On the morning of November 24, 2015, Blank Rome sent Proskauer a revised draft of the merger agreement. This revised draft merger agreement was generally consistent with the issues list provided by Blank Rome, except that it contained a condition with respect to obtaining certain third party consents without detailing the consents to be required and DRA had deleted the representations and covenants with respect to financing. Later that day, at a meeting of the board, representatives of Proskauer updated the board on the revised draft merger agreement.

On November 25, 2015, BMO updated the board on conversations with DRA during which DRA confirmed that (1) it expected to obtain a debt financing commitment prior to signing the merger agreement and (2) the third party consent upon which it was conditioning the transaction was a certain consent of the company's joint venture partner, PGGM Private Real Estate Fund, which we refer to as PGGM. In the following days, DRA also requested that Mr. Goodwin enter into a voting agreement to vote in favor of approval of the merger with respect to shares of the company's common stock beneficially owned by him. This agreement was subsequently negotiated between DRA, Blank Rome, Mr. Goodwin and his counsel that was not otherwise involved in the merger.

On November 30, 2015, representatives of the company, Proskauer and Blank Rome met to negotiate the merger agreement. Among the issues negotiated were (1) the DRA affiliated entities that would be parties to the merger agreement, (2) the scope of the real estate representations and the scope of the interim operating covenants, (3) the need for a certain consent of PGGM and (4) whether the termination fee was payable by the company if the agreement was terminated due to breaches of representations and covenants by the company. At this meeting, Blank Rome also addressed one of the board's concerns by stating that DRA was planning on obtaining a debt financing commitment letter on terms more consistent with market practice for a public company transaction.

On December 1, 2015, at a meeting of the board, representatives of BMO and Proskauer updated the board on the negotiations with Blank Rome. BMO also advised the board that DRA had indicated that, in lieu of an equity commitment letter, a DRA affiliated fund with significant assets would be party to the agreement and as such BMO had requested financial statements for that fund. Finally, Mr. Goodwin advised the board of DRA's request that he enter into a voting agreement to vote in favor of approval of the merger with respect to shares of the company's common stock beneficially owned by him.

On December 2, 2015, Proskauer sent a revised draft of the merger agreement to Blank Rome. During that day and the next several days, the parties and their advisors continued discussions regarding the terms of the merger agreement on various teleconferences. During these discussions, the company agreed that, rather than have a condition in the merger agreement with respect to a certain consent of PGGM, the parties would obtain such consent from PGGM prior to executing the merger agreement. As a result, DRA, PGGM and the company engaged in discussions over the next several days.

On December 4, 2015, at a meeting of the board, representatives of BMO and Proskauer updated the board on the ongoing progress of discussions with Blank Rome regarding issues in the merger agreement and with DRA regarding financing commitments. The board and the representatives of BMO and Proskauer also discussed in detail DRA's request that the requested consent of PGGM be obtained prior to executing the merger agreement and the effect this request could have on the timing of executing the merger agreement given that PGGM had stated that such consent required the approval of its investment committee, which was likely to take at least two weeks.

On December 7, 2015, DRA provided the company with a draft debt commitment letter. Upon review, BMO and Proskauer noted that the draft debt commitment letter was a real estate financing commitment letter and not in line with the types of commitment letters typically obtained in connection with the acquisition of a public company.

On December 8, 2015, at a meeting of the board, representatives of BMO and Proskauer updated the board on the ongoing progress of discussions with Blank Rome regarding issues in the merger agreement and the terms of the draft debt commitment letter. Discussion focused on the fact that the draft debt commitment letter included conditions that, while customary for a private real estate portfolio transaction, were not consistent with those typical of a public corporate transaction. In light of these issues, the board directed Proskauer and BMO to urge DRA to improve the terms of the debt commitment letter and to propose a reverse termination fee to protect the company against the

contingency that the debt commitment would not be available for DRA to fund its obligations at closing. The board was also updated on the discussions between DRA and PGGM and the fact that PGGM still needed additional time to obtain approval of its investment committee for the consent requested.

On December 10, 2015, Mr. D'Arcy, Mr. Summers and representatives of Proskauer, DRA and Blank Rome met to discuss the merger agreement at Blank Rome's offices. The issues discussed at the meeting included (1) the company's request for a $100 million reverse termination fee if DRA failed to close when the conditions to close were satisfied, (2) DRA's request that a certain consent from PGGM be obtained prior to execution of the merger agreement, and (3) DRA's request that the termination fee be payable in the event the merger agreement was terminated due to a breach by the company of its representations or covenants. At the meeting, DRA agreed (1) to a $100 million reverse termination fee, (2) that the requested PGGM consent would not need to be obtained prior to execution of the merger agreement and (3) that only expenses up to $5 million (and no other termination fee) would be payable to DRA if the merger agreement was terminated due to a breach by the company of its representations or covenants. DRA and Blank Rome also agreed that they would work to improve the terms of the debt financing commitment letter.

On December 11, 2015, Proskauer sent Blank Rome a revised draft of the merger agreement incorporating the terms discussed during the meeting the previous day.

On December 12, 2015, at a meeting of the board, Mr. D'Arcy and representatives of BMO and Proskauer updated the board on the status of the merger agreement and the debt commitment letter.

Revised drafts of the merger agreement were exchanged between the parties several times between December 12, 2015 and December 14, 2015. Between December 11, 2015 and December 14, 2015, DRA and Wells Fargo and their respective counsel also negotiated the terms of the debt financing commitment letter. Proskauer and the company also participated in some of these discussions.

On December 14, 2015, at a meeting of the board, representatives of Venable, Proskauer and BMO made presentations as described below in connection with the board's assessment as to whether the terms and provisions of the merger agreement negotiated with DRA were fair and advisable to, and in the best interests of, the company and its stockholders. First, Venable again summarized the duties of the board members under Maryland law in the case of an all-cash change of control transaction. Next, representatives of Proskauer summarized in detail the material terms of the merger agreement and the proposed resolutions adopting and approving the merger agreement and the merger. The representatives of Proskauer also discussed negotiations since December 12, 2015 to remove certain conditions from DRA's debt financing commitment, noting that significant improvement had been made in certain respects although significant risks remained. The board discussed the degree to which the reverse termination fee and other provisions in the merger agreement mitigated the risks related to the conditionality of the debt financing commitment. Finally, representatives of BMO reviewed a presentation supporting their opinion to the board as to the fairness, from a financial point of view, of the consideration to be paid by DRA to the company's stockholders in the merger as of December 14, 2015. Mr. Goodwin discussed the status of the voting agreement, noting that the terms had been finalized. BMO then rendered an oral opinion to the board, subsequently confirmed by delivery of a written opinion, dated December 14, 2015 that, as of that date, and based upon and subject to the various assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by BMO as set forth in its written opinion, the cash merger consideration of $10.60 per share to be received by the holders of the company's common stock pursuant to the merger agreement was fair from a financial point of view to such holders. After discussion, the board unanimously determined that the terms and provisions of the merger agreement negotiated with DRA were fair and advisable to, and in the best interests of, the company and its stockholders, unanimously approved the merger agreement and the transactions contemplated by the

merger agreement, including the merger, and unanimously resolved to recommend that the company's stockholders vote to approve the transactions contemplated by the merger agreement, including the merger. The trading price of the company's common stock on the NYSE closed at $9.94 on December 14, 2015.

The parties to the merger subsequently executed and delivered the merger agreement late in the evening on December 14, 2015.

On the morning of December 15, 2015, before the opening of trading on the NYSE, the company issued a press release announcing the merger.

Reasons for the Merger

In reaching its decision to approve the merger, the merger agreement and the other transactions contemplated by the merger agreement and to recommend approval of the merger and the other transactions contemplated by the merger agreement to our common stockholders, our board of directors consulted with our senior management team, as well as our outside legal and financial advisors and considered a number of factors, including the following material factors which our board of directors viewed as supporting its decision to approve the merger, the merger agreement and the other transactions contemplated by the merger agreement and to recommend approval of the merger and the other transactions contemplated by the merger agreement to our common stockholders:

- our board of directors' knowledge of the business, operations, financial condition, earnings and prospects of the company, as well as its knowledge of the current and prospective environment in which the company operates, including economic and market conditions and tax obligations;

- the belief that the merger would be more favorable to our stockholders than other strategic alternatives available to the company, including remaining an independent public company and engaging in an internal reorganization, and the risks and uncertainty of remaining an independent public company, given that the company's common stock had traded at a discount to the estimated market value of our assets, the multiples accorded to the stock prices of our shopping center peers, the inability to achieve an "investment grade" rating management causing the borrowing costs of the company to generally be greater than the costs would have been had the company been able to achieve such a rating, and, because of the concentration of shopping centers located in Cook County, Illinois, the possibility that property taxes with respect to the company's operations could rise significantly in the near future;

- the current and historical trading prices for our common stock, and the fact that the cash merger consideration of $10.60 per share represented a premium of approximately 6.6% over our closing stock price on December 14, 2015, the last trading day prior to the public announcement of the merger agreement, and a premium of approximately 11.5% and 15.9% over the volume weighted average prices of our common stock over the 30-day and 60-day periods ended December 14, 2015;

- in light of the discussions the company had with other potential counterparties and the understanding of our board of directors of the capability and likelihood for other potential counterparties to emerge (see the section entitled " Background of the Merger" beginning on page 29 of this proxy statement), our board of directors did not believe that it was likely that another party would make or accept an offer to engage in a transaction with us that would be more favorable to the company and its stockholders than the merger;

- the oral opinion of BMO, which was subsequently confirmed by delivery of a written opinion, dated December 14, 2015 that, as of that date, and based upon and subject to the various assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by BMO as set forth in its written opinion, the cash merger

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consideration of $10.60 per share to be received by the holders of our common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders (see " Opinion of Our Financial Advisor");

the course of negotiations between us and DRA resulting in a price per share of our common stock that was higher than the original offer price from DRA;

the high probability that the merger would be completed based on, among other things, the fact that the terms of the merger agreement contained a limited number of conditions, DRA's proven ability to complete large acquisition transactions on the agreed terms and DRA's experience and reputation in the real estate industry;

the ability to complete the merger within a reasonable period of time, including the likelihood of receiving the approval of the company's stockholders necessary to complete the transaction in a timely manner;

the fact that the Parent Parties obtained the debt commitment letter described under " Financing," agreed to maintain an aggregate net worth of at least $850 million and liquid assets of at least $750 million and agreed that the company would be entitled to (i) seek specific performance of the Parent Parties' obligations to consummate the merger or (ii) collect a reverse termination fee from Parent in an amount equal to $100 million (representing approximately 9.4% of the company's equity value, based on the merger consideration payable in certain circumstances in connection with the merger) in the event that the Parent Parties are unable to consummate the merger or, subject to a cure right, if the Parent Parties breach the covenants, representations and warranties relating to their maintenance of net worth and liquid assets;

the terms and conditions of the merger agreement, which were reviewed by our board of directors with our financial and legal advisors, and the fact that such terms were the product of arm's-length negotiations between the parties;

the fact that the company is permitted under the merger agreement to declare and pay regular monthly cash dividends to its stockholders for full monthly periods prior to the consummation of the merger in accordance with past practice;

our ability, under the merger agreement, to participate in discussions or negotiations with third parties relating to unsolicited alternative acquisition proposals if our board of directors determines, after consultation with advisors, that an acquisition proposal constitutes or would reasonably be expected to lead to a superior proposal;

our board of directors' ability, under the merger agreement, to withdraw, qualify, modify or amend its recommendation that our common stockholders vote to approve the merger and the other transactions contemplated by the merger agreement under certain circumstances, subject to our paying a termination fee of $30 million plus expenses up to $5 million if Parent elects to terminate the merger agreement;

our ability to terminate the merger agreement under certain circumstances in order to enter into a definitive agreement providing for a superior proposal if our board of directors determines, after consultation with advisors and after taking into account any changes to the terms of the merger agreement proposed by Parent, that the superior proposal continues to be a superior proposal, upon payment of a termination fee of $30 million plus expenses up to $5 million;

the fact that the all cash merger consideration will provide our stockholders with immediate fair value, in cash, for all of their shares of common stock; and

the fact that the merger would be subject to the approval of our common stockholders, and our common stockholders would be free to reject the merger by voting against the merger for any reason, including if a higher offer were made prior to the

stockholders meeting (although we may be required to pay a termination fee under certain circumstances if we subsequently enter into a definitive agreement relating to, or to consummate, an acquisition proposal).

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Our board of directors also considered the following potentially negative factors in its consideration of the merger agreement and the merger:

- the merger would preclude our stockholders from having the opportunity to participate in the future performance of our assets, future potential earnings growth, future potential appreciation of the value of our common stock or future dividends that could be realized depending on our future performance;
- the significant costs involved in connection with entering into and completing the merger and the substantial time and effort required to consummate the merger and related disruptions to our business;
- the restrictions on the conduct of our business prior to the completion of the merger, which could delay or prevent us from undertaking business opportunities that may arise pending completion of the merger;
- the pending merger or failure to complete the merger may cause harm to relationships with our joint venture partners, employees, tenants and other third parties and may divert management and employee attention away from the day-to-day operation of our business;
- our inability to solicit competing acquisition proposals and the possibility that the $30 million termination fee plus up to $5 million in expenses payable by us upon the termination of the merger agreement could discourage other potential bidders from making a competing bid to acquire us;
- the possibility that the merger might not be completed or might be unduly delayed because the company's stockholders might not approve the merger and the other transactions contemplated by the merger agreement or other factors outside of our control;
- the risk that the merger might not be completed and the effect of the resulting public announcement of termination of the merger agreement on the market price of our common stock and our operating results, particularly in light of the costs incurred in connection with the transaction;
- the terms of the debt commitment letter obtained by DRA, including the conditions contained therein;
- the possible effects of the announcement or consummation of the merger, including any suit, action or proceeding initiated in respect of the merger;
- the fact that an all-cash merger would be taxable to our stockholders for U.S. federal income tax purposes;
- the fact that, under Maryland law and our charter, our stockholders are not entitled to appraisal rights, dissenters' rights or similar rights of an objecting stockholder in connection with the merger; and
- the fact that some of our directors and executive officers have interests in the merger that may be different from, or in addition to, our stockholders generally (see " Interests of Our Directors and Executive Officers in the Merger").

The foregoing discussion of the factors considered by our board of directors is not intended to be exhaustive, but rather includes the material factors considered by our board of directors. In reaching its decision to approve the merger, the merger agreement and the other transactions contemplated by the merger agreement, our board of directors did not quantify or assign any relative weights to, and did not make

specific assessments of, the factors considered, and individual directors may have given different

weights to different factors. Our board of directors did not reach any specific conclusion with respect to any of the factors or reasons considered.

The above factors are not presented in any order of priority. The explanation of the factors and reasoning set forth above contain forward-looking statements and should be read in conjunction with the section of this proxy statement entitled "Cautionary Statement Regarding Forward-Looking Statements."

Recommendation of Our Board of Directors

Our board of directors has unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement, and has determined that the merger agreement, the performance by Inland Real Estate Corporation of its obligations under the merger agreement and the consummation, on substantially the terms and conditions set forth in the merger agreement, of the merger and the other transactions contemplated by the merger agreement, are advisable and in the best interests of, Inland Real Estate Corporation. Our board of directors recommends that you vote "FOR" the proposal to approve the merger and the other transactions contemplated by the merger agreement, "FOR" the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to our named executive officers that is based on or otherwise relates to the merger, and "FOR" the proposal to approve any adjournments of the special meeting for the purpose of soliciting additional proxies if there are not sufficient votes at the special meeting to approve the merger and the other transactions contemplated by the merger agreement.

Opinion of Our Financial Advisor

We retained BMO to act as our financial advisor in connection with the merger and, if requested, to render an opinion, as investment bankers, as to the fairness as of the date of such opinion, from a financial point of view, to the company's common stockholders of the merger consideration to be received by such stockholders in the merger.

On December 14, 2015, BMO rendered an oral opinion to our board of directors, which was subsequently confirmed in a written opinion as of the same date, or the Opinion, to the effect that as of such date, and based upon and subject to the assumptions made, matters considered and limitations and qualifications upon the review undertaken by BMO, the merger consideration to be received by the company's common stockholders in the merger was fair, from a financial point of view, to such stockholders.

In selecting BMO, we considered, among other things, the fact that BMO is a reputable investment banking firm with substantial experience advising companies in the real estate sector and in providing strategic advisory services in general. BMO, as part of its investment banking business, is continuously engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for estate, corporate, and other purposes.

The full text of the Opinion is attached to this proxy statement as Annex C. You should read the Opinion in its entirety for a discussion of, among other things, the scope of the review undertaken and the assumptions made, procedures followed, matters considered and qualifications and limitations upon the review undertaken by BMO in connection with the Opinion. We encourage you to read the Opinion carefully and in its entirety. This summary is qualified in its entirety by reference to the full text of the Opinion. BMO's Opinion is directed to our board of directors, in its capacity as such, and addressed only the fairness from a financial point of view, as of the date of the Opinion, of the consideration to be received by the company's common stockholders pursuant to the merger agreement to such holders.

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In connection with rendering its opinion, BMO, among other things:

- reviewed certain public filings of the company;
- reviewed certain historical and projected financial and operating information relating to the company's business, earnings, assets (including property-level financial and operating information), liabilities, and prospects of the company including, without limitation, the projection model, as prepared by the company's management, which we refer to as the Projection Model;
- conducted discussions with members of senior management of the company concerning their view of its operations, financial condition, and prospects;
- reviewed certain financial and stock market information for selected publicly traded companies that BMO deemed to be relevant;
- reviewed the financial terms, to the extent publicly available, of selected acquisitions of companies in the company's industry which BMO deemed to be relevant;
- performed discounted cash flow analyses for the company based on projections provided by management of the company;
- performed net asset value, or NAV, analyses for the company based on projections provided by management of the company;
- analyzed selected macroeconomic and other commercial factors which BMO deemed to be relevant to the company's industry and prospects; and
- performed such other studies and analyses, conducted such discussions, and reviewed such other presentations, reports, and materials as BMO deemed appropriate.

In rendering its opinion, BMO assumed and relied on the accuracy and completeness of all information supplied or otherwise made available to it by the company or its representatives or advisors, or obtained by it from other sources. BMO did not independently verify (and has not assumed any obligation to verify) any such information, undertake an independent valuation or appraisal of the assets or liabilities (contingent or otherwise) of the company, nor was BMO furnished with any such valuation or appraisal. BMO did not evaluate the solvency or fair value of the company under any state or federal laws relating to bankruptcy, insolvency, or similar matters. BMO also assumed that all material governmental, regulatory, or other approvals and consents required in connection with the consummation of the merger will be obtained and that in connection with obtaining any necessary governmental, regulatory, or other approvals and consents, no restrictions, terms, or conditions will be imposed that would be material to its analysis. BMO also assumed that the merger will be consummated in accordance with the terms of the merger agreement, without any waiver, modification, or amendment of any terms, condition, or agreement that would be material to its analysis; that the representations and warranties of each party contained in the merger agreement would be true and correct; that each party would perform all of the covenants and agreements required to be performed by it under the merger agreement; and that all conditions to the consummation of the merger would be satisfied without waiver or modification. With respect to financial projections for the company (including, without limitation, the Projection Model), BMO has been advised by the company, and BMO has assumed, without independent investigation, that they have been reasonably prepared and reflect the best currently available estimates and good faith judgment of the company's management of the expected future competitive, operating and regulatory environments, and related financial performance of the company. BMO expresses no opinion with respect to such projections, including the assumptions on which they are based. Furthermore, BMO has not assumed any obligation to conduct, and has not conducted, any physical inspection of the properties or facilities of, or managed by, the company.

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The Opinion is necessarily based upon financial, economic, market and other conditions and circumstances as they existed and could be evaluated, and the information made available to BMO, as of the date of the Opinion. BMO disclaims any undertakings or obligations to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to BMO's attention after the date of the Opinion.

The Opinion does not constitute a recommendation as to any action the company's board of directors should take in connection with the merger or the other transactions contemplated by the merger agreement or any aspect thereof and is not a recommendation to any director of the company or stockholder on how such person should vote with respect to the merger or related transactions and proposals. The Opinion relates solely to the fairness, from a financial point of view, of the merger consideration to be received by the company's common stockholders pursuant to the merger agreement. BMO expresses no opinion as to the relative merits of the transactions and any other transactions or business strategies discussed by the company's board of directors as alternatives to the merger or the decision of the company's board of directors to recommend the merger, nor does BMO express any opinion on the structure, terms or effect of any other aspect of the merger or any other transaction contemplated by the merger agreement. The Opinion does not in any manner address the prices at which the company's common stock or other securities will trade following the announcement or consummation of the merger. BMO is not an expert in, and the Opinion does not address, any of the legal, tax or accounting aspects of the merger, including, without limitation, whether or not the merger or other transactions contemplated by the merger agreement constitute a change of control under any contract or agreement to which the company or any of its subsidiaries is a party.

The summary set forth below does not purport to be a complete description of the analyses performed by BMO, but describes, in summary form, the material elements of the presentation that BMO made to the company's board of directors on December 14, 2015, in connection with BMO's Opinion. In accordance with customary investment banking practice, BMO employed generally accepted valuation methods and financial analyses in reaching its Opinion. The following is a summary of the material financial analyses performed by BMO in arriving at its Opinion. These summaries of financial analyses alone do not constitute a complete description of the financial analyses BMO employed in reaching its conclusions.

None of the analyses performed by BMO were assigned a greater significance by BMO than any other, nor does the order of analyses described represent relative importance or weight given to those analyses by BMO. The summary text describing each financial analysis does not constitute a complete description of BMO's financial analyses, including the methodologies and assumptions underlying the analyses, and if viewed in isolation could create a misleading or incomplete view of the financial analyses performed by BMO. The summary text set forth below does not represent and should not be viewed by anyone as constituting conclusions reached by BMO with respect to any of the analyses performed by it in connection with its Opinion. Rather, BMO made its determination as to the fairness, from a financial point of view, to the company's common stockholders of the merger consideration to be received by such stockholders in the merger on the basis of its experience and professional judgment after considering the results of all of the analyses performed.

Except as otherwise noted, the information utilized by BMO in its analyses, to the extent that it is based on market data, is based on market data as it existed on or before December 14, 2015 and is not necessarily indicative of current market conditions. The analyses described below do not purport to be indicative of actual future results, or to reflect the prices at which any securities may trade in the public markets, which may vary depending upon various factors, including changes in interest rates, dividend rates, market conditions, economic conditions, and other factors that influence the price of securities.

In conducting its analysis, BMO used three primary methodologies to review the valuation of the company on a stand-alone basis, to assess the fairness, from a financial point of view, to the company's

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common stockholders of the merger consideration to be received by such stockholders in the merger. Specifically, BMO conducted selected comparable public companies analyses, NAV analyses, and discounted cash flow analyses. No individual methodology was given a specific weight, nor can any methodology be viewed individually. Additionally, no company or transaction used in any analysis as a comparison is identical to the company or the merger, and they all differ in material ways. Accordingly, an analysis of the results described below is not mathematical; rather it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading value of the selected companies or transactions to which they are being compared. BMO used these analyses to determine the impact of various operating metrics on the implied value per common share of the company. Each of these analyses yielded a range of implied values, and therefore, such implied value ranges developed from these analyses were viewed by BMO collectively and not individually.

Summary of Financial Analysis of BMO Capital Markets

Selected Publicly Traded Companies Analysis

BMO reviewed and compared certain publicly available financial information, ratios and market multiples relating to the company with equivalent publicly available data for companies that share similar business characteristics with the company to derive an implied equity value reference range for the company. BMO reviewed the following publicly traded strip-center REIT companies:

Cedar Realty Trust, Inc.

Kite Realty Group Trust

Ramco-Gershenson Properties Trust

For purposes of this analysis, BMO analyzed certain statistics for each of these companies for comparison purposes, including the ratio of share price to consensus Wall Street research analyst, which we refer to as Street consensus, estimated calendar year 2016 funds from operations per share, or FFO, the ratio of enterprise value to Street consensus estimated calendar year 2016 earnings before interest, taxes, depreciation and amortization (EBITDA). BMO also analyzed the premium or discount of share price to Street consensus estimated net asset value, or NAV, per share. The multiples and ratios for each of the comparable companies were calculated using their respective closing prices on December 14, 2015, and were based on the most recent publicly available information and Street consensus estimates. BMO derived a range of multiples for each metric using the high and low multiples from the selected publicly traded companies.

The following table reflects the results of this analysis:

	Range	
	Low	**High**
Price / 2016E FFO	11.9x	12.3x
Enterprise Value / 2016E EBITDA	15.2x	15.9x
Share Price Premium / (Discount) to NAV	(14.5)%	(10.2)%

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This analysis indicated the following implied per share equity value reference range for each share of the company's common stock, as compared to the consideration to be received by the company's common stockholders in the merger:

Implied Per Share Equity Value Reference Range			
Price / 2016E FFO	**Enterprise Value / 2016E EBITDA**	**Premium / Discount to NAV Street Consensus Estimates**	**Merger Consideration**
$10.58 - $10.96	$10.02 - $10.93	$9.69 - $10.17	$10.60

No company utilized in the selected publicly traded companies analysis is identical to the company. In evaluating selected publicly traded companies, BMO made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters which are beyond the company's control, such as the impact of competition on the company and the industry generally, industry growth, and the absence of any adverse material change in the financial condition and prospects of the company or the industry, or in the financial markets in general.

NAV Analysis

BMO analyzed the company as a function of its NAV. BMO based its NAV analysis on a combination of market data, the company's management's estimates of net operating income, and values negotiated for certain assets with third parties. BMO calculated the value of the company's operating real estate by applying to its management's estimates of the calendar year 2016 net operating income of each property (after taking into account a management fee of approximately 3% of estimated property revenue) a range of market capitalization rates selected based on, among other factors, property type, asset quality, and geographic location. BMO then calculated a range of the company's estimated NAV by adding to the derived range of the value of its operating real estate the negotiated value of assets under contract for sale, the estimated value of the company's fee income from unconsolidated joint ventures, construction in progress, and certain other tangible assets, including its proportionate share of unconsolidated joint ventures, and subtracting from such value the company's outstanding indebtedness, preferred stock, and certain other tangible liabilities, including its proportionate share of unconsolidated joint ventures. An implied per share equity value reference range for the company was then calculated based on the NAV range for the company derived from such analysis divided by the number of fully diluted shares of the company's common stock. This analysis indicated the following implied per share equity value reference range for each share of the company's common stock, as compared to the consideration to be received by the company's common stockholders in the merger:

Implied Per Share Equity Value Reference Range	Merger Consideration
$10.06 - $11.66	$10.60

Discounted Cash Flow Analysis

BMO performed a discounted cash flow analysis to calculate the estimated present value of the unlevered free cash flows that the company's management forecasted the company would generate for the fiscal years 2016 through fiscal year 2020. BMO calculated terminal values for the company by applying terminal market capitalization rates ranging from approximately 6.7% to 7.2% to the company's management's estimated net operating income of the company (after taking into account a management fee of approximately 3% of estimated property revenue) for fiscal year 2020. The cash flows and terminal values were then discounted to present value as of December 31, 2015 using discount rates ranging from approximately 8.2% to 9.0%, reflecting estimates of the company's weighted average cost of capital. This analysis indicated the following implied per share equity value

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reference range for each share of the company's common stock, as compared to the consideration to be received by the company's common stockholders in the merger:

Implied Per Share Equity Value Reference Range	Merger Consideration
$10.10 - $12.10	$10.60

Other Factors

Analysis of Selected Precedent Transactions

Although not considered part of BMO's financial analyses with respect to its Opinion but referenced for informational purposes, BMO also performed an analysis of selected precedent transactions involving publicly traded shopping center companies that shared certain characteristics with the merger. Based on publicly available information, BMO identified the following 14 publicly announced and completed transactions involving companies that owned and operated shopping centers with a value of greater than $500 million and occurring since January 1, 2000:

Selected Precedent Transactions

Announcement Date	Acquiror	Target
April 2015	Blackstone Group L.P.	Excel Trust, Inc.
October 2014	Edens Investment Trust	AmREIT, Inc.
February 2007	Centro Properties Group	New Plan Excel Realty Trust
July 2006	Kimco Realty Corporation	Pan Pacific Retail Properties, Inc.
July 2006	Centro Watt (Centro Properties Group / Watt Commercial Properties)	Heritage Property Investment Trust, Inc.
December 2004	Centro Watt America REIT III (Centro Properties Group / Watt Family Properties, Inc.)	Kramont Realty Trust
August 2004	PL Retail, LLC (Kimco Realty Corporation / DRA Advisors)	Price Legacy Corporation
June 2003	Kimco Realty Corporation	Mid-Atlantic Realty Trust
November 2002	Pan Pacific Retail Properties, Inc.	Center Trust, Inc.
October 2002	Equity One, Inc.	IRT Property Company
September 2002	Developers Diversified Realty Corporation	JDN Realty Corporation
September 2000	U.S. Retail Partners, L.L.C. (CalPERS / National Retail Partners LLC)	First Washington Realty Trust, Inc.
May 2000	Heritage Property Investment Trust, Inc.	Bradley Real Estate, Inc.
December 1999	CV REIT, Inc.	Kranzco Realty Trust

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BMO reviewed the premiums or discounts paid to the target companies' average stock prices for the 10, 20, and 30 trading days prior to the announcement of the transaction. BMO applied to the company's average stock price for the 10, 20, and 30 trading days up to and including December 14, 2015 a range of premiums based on the first quartile and the third quartile of the premiums for the selected precedent transaction for each respective period. The implied per share equity value reference range was then calculated using the average of the high and low implied per share equity values for each of the three periods. This analysis indicated the following implied per share equity value reference range for each share of the company's common stock, as compared to the consideration to be received by the company's common stockholders in the merger:

Implied Per Share Equity Value Reference Range	Merger Consideration
$10.17 - $11.45	$10.60

No company or transaction utilized as a comparison in the analysis of selected precedent transactions is identical to the company or directly comparable to the merger in business mix, timing and size. Accordingly, an analysis of the results of the foregoing necessarily involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that would affect the value of the companies to which the company is being compared. In evaluating the selected precedent transactions, BMO made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters which are beyond the company's control, such as the impact of competition on the company and the industry generally, industry growth and the absence of any adverse material change in the financial conditions and prospects of the company or the industry or the financial markets in general.

BMO also observed certain additional factors that were not considered part of BMO's financial analyses with respect to its Opinion but were referenced for informational purposes, including, among other things, the following:

- historical trading prices of the company's common stock during the 52-week period ending December 14, 2015, which indicated low to high prices for the company's common stock of $7.96 to $11.73 per share;

- publicly available Street consensus share price targets for the company's common stock, which indicated a share price target range for the company's common stock of $8.50 to $12.00 per share; and

- publicly available Street consensus NAV estimates for the company's common stock, which indicated a NAV per share estimate range for the company's common stock of $11.02 to $11.83 per share.

Miscellaneous

In connection with BMO's services as the company's financial advisor, the company will pay BMO an aggregate fee of approximately $10,000,000, $250,000 of which was paid upon the signing of BMO's engagement letter with the company, $3,000,000 of which was paid upon delivery of the Opinion, and the remainder of which is payable upon consummation of the merger. In addition, the company has agreed to reimburse BMO up to a limit of $50,000 for its reasonable out-of-pocket expenses, including attorneys' fees and disbursements, and to indemnify BMO and related persons against various liabilities, including certain liabilities under the federal securities laws.

BMO and its affiliates in the past have provided, currently are providing, and in the future may provide services unrelated to the proposed merger to the company and certain of its affiliates, for which services BMO and its affiliates have received and may receive compensation including, during the past two years, having acted or acting as (i) a co-manager on an offering of the company's

preferred stock, (ii) an agent on the company's at-the-market equity offering and (iii) a documentation agent, as applicable, for, and as a lender under, certain credit facilities of the company.

BMO, as part of its investment banking business, is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate, and other purposes. BMO or its affiliates may provide investment and corporate banking services to the company, Parent and their respective affiliates in the future, for which BMO or its affiliates may receive customary fees. BMO provides a full range of financial advisory and securities services and, in the course of its normal trading activities, may from time to time effect transactions and hold securities, including, without limitation, derivative securities, of the company, Parent, or their affiliates for its own account and for the accounts of customers.

Financing

In connection with the closing of the merger, Parent will cause an aggregate of approximately $1.1 billion to be paid to the holders of our common stock, including unvested restricted common stock.

As of December 31, 2015, the company and its consolidated subsidiaries (not including unconsolidated joint ventures) had $807.6 million in outstanding indebtedness, $110 million in liquidation value of Series A preferred stock (not including accrued and unpaid dividends) and $100 million in Series B preferred stock (not including accrued and unpaid dividends).

The Parent Parties have informed us that they expect to assume, repay or refinance all of the company's outstanding indebtedness at the effective time.

The Series A preferred stock and Series B preferred stock will remain outstanding and will represent preferred stock of the surviving entity after the effective time. It is a condition to closing under the merger agreement that Parent certify that it has or will have available all amounts necessary to consummate the redemption of all of the Series A preferred stock and Series B preferred stock.

The Parent Parties have received a debt commitment letter from Wells Fargo Bank, N.A., as lender, and Wells Fargo Securities, LLC, solely as arranger, which we refer to collectively as Wells, to make and fund upon the terms and subject to the conditions set forth in the debt commitment letter, senior secured term loans with an aggregate principal amount of $1.0 billion, which we refer to as Debt Financing, subject to special reserves which, if imposed, may result in a reduction of up to 10% in the net proceeds that would be available to fund the transactions contemplated by the merger agreement as well as certain other reserves which could result in a further reduction to net proceeds. Wells' obligation to close and fund the loans is subject to customary conditions, including, but not limited to, the consummation of the transactions consummated by the merger agreement and a minimum cash equity contribution by the Parent Parties of $700 million. Moreover, under the merger agreement, if the commitment letter is terminated prior to the closing, Parent is required to use best efforts to obtain alternative debt or equity financing in an amount sufficient to consummate the merger. The obligations of the Parent Parties and Merger Sub to consummate the transactions contemplated by the merger agreement are not subject to any financing contingency.

The Parent Parties have represented in the merger agreement that they will have sufficient cash at the effective time, that when combined with the debt financing, will be sufficient to pay the cash merger consideration, and any and all amounts required to be paid in connection with the consummation of the transactions contemplated by the merger agreement, including the merger, any related fees and expenses and the repayment or refinancing of certain indebtedness of the company. In connection with their representation to have sufficient cash at the effective time, the Parent Parties have agreed to maintain an aggregate net worth of at least $850 million and liquid assets of at least

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$750 million until the effective time or the merger agreement is terminated. The Parent Parties may assign or delegate a portion of their respective rights, interests and obligations under the merger agreement to a newly-formed affiliate of Parent (that is not a controlling affiliate of Parent) prior to the closing date provided that such entity agrees to be bound by the terms of the merger agreement as a "Parent Party," and provided that the minimum net worth and liquid assets tests would at all times continue to be satisfied.

Interests of Our Directors and Executive Officers in the Merger

In considering the recommendation of our board of directors to approve the merger and the other transactions contemplated by the merger agreement and the other proposals described above, our stockholders should be aware that our directors and executive officers have certain interests in the merger that may be different from, or in addition to, the interests of our stockholders generally. These interests may create potential conflicts of interest. Our board of directors was aware of these interests and considered them, among other matters, in reaching its decision to approve the merger and the other transactions contemplated by the merger agreement. These interests are discussed below.

Restricted Common Stock

As of the record date, our directors and named executive officers collectively owned 259,301 unvested shares of restricted common stock. 281,280 shares of restricted common stock were granted to our executive officers between 2011 and 2014 and 139,010 shares of restricted common stock were granted to our non-employee directors between 2013 and 2015 in accordance with the non-employee director compensation program previously approved by the compensation committee of our board of directors.

Under the terms of the merger agreement, immediately prior to the effective time, all then-outstanding shares of restricted common stock, including those held by our directors and executive officers, will become fully vested and will entitle the holder thereof to receive the cash merger consideration, less any applicable withholding taxes, payable as promptly as practicable following the effective time, but not later than the third business day after the effective time.

The following table sets forth the number of shares of restricted common stock held by our directors and executive officers as of January 27, 2016, as well as the approximate value of those awards. The dollar amounts set forth below were determined based on the cash merger consideration of $10.60 per share. The amounts shown are prior to reduction for tax withholding.

	Shares of Unvested Restricted Common Stock	
Name	**Shares (#)**	**Value ($)**
Daniel L. Goodwin	12,228	129,617
Mark E. Zalatoris	50,423	534,484
Brett A. Brown	34,834	369,240
D. Scott Carr	33,645	356,637
William W. Anderson	22,319	236,581
Joel D. Simmons	12,228	129,617
Beth Sprecher Brooks	22,749	241,139
Heidi N. Lawton	12,228	129,617
Thomas H. McAuley	12,228	129,617
Thomas P. D'Arcy	12,228	129,617
Joel G. Herter	12,228	129,617
Thomas R. McWilliams	12,228	129,617
Meredith Wise Mendes	9,735	103,191

For more information regarding the beneficial ownership of our securities by our directors and executive officers, see "Security Ownership of Certain Beneficial Owners and Management."

Options

At the effective time, all then-outstanding and unexercised options to purchase shares of our common stock, whether or not exercisable, will be fully vested and cancelled and converted into the right to receive (i) the number of shares of our common stock underlying such option, times (ii)(x) the cash merger consideration less (y) the per share exercise price of such option, payable as promptly as practicable following the effective time, but not later than the third business day after the effective time. All outstanding and unexercised options held by our directors and executive officers are already fully vested pursuant to the terms and conditions of the options. See "Security Ownership Of Certain Beneficial Owners And Management" for the number of outstanding and unexercised options held by each of our directors and executive officers as of the record date.

Employment Agreements

We have entered into employment agreements with three-year terms, effective as of January 1, 2014, with each of Ms. Brooks and Messrs. Zalatoris, Brown, Carr and Anderson. Under the employment agreements, the executive may become entitled to compensation and other benefits to them in the event of a termination of employment under certain circumstances, as summarized below.

Under the employment agreements, we may have "cause" to terminate an executive's employment if, among other things, the executive fails to perform his or her duties under the employment agreement. Under the employment agreements, an executive will have "good reason" to terminate his or her employment agreement if: (1) we require the executive to relocate his or her principal residence to a location outside of the greater Chicago Metropolitan Area, (2) material reductions are made to the executive's base salary, annual bonus opportunity or long-term incentive award opportunity or other compensation and benefits, (3) during the one-year period following a change in control, there occurs a material diminution in the executive's title or authority which is materially inconsistent with the executive's position as of immediately prior to the change in control, or (4) we materially breach the provisions of the agreement. Any other voluntary termination by the executive will be deemed to be without "good reason."

Termination by the Company for Cause or by the Executive without Good Reason

If employment is terminated by us for "cause" or voluntarily by the executive without "good reason," then, we will pay the executive:

- any accrued base salary payable within 30 days of the date of termination;
- any accrued vacation days usable within 30 days of the date of termination;
- any accrued reimbursable expenses; and
- any accrued benefits, together with any benefits required to be paid or provided under applicable law.

In addition, any equity awards issued to the executive which have not yet vested will immediately be forfeited, except, with respect to voluntarily termination by the executive without "good reason," if the applicable award agreement provides otherwise.

Termination by Company for Good Reason

Under the employment agreements, we will have "good reason" to terminate an executive's employment if the executive materially fails to achieve the personal goals and objectives mutually

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agreed upon between the executive and the board. If we terminate the executive's employment for "good reason," we will pay the executive:

- any accrued base salary payable within 30 days of the date of termination;
- any accrued vacation days usable within 30 days of the date of termination;
- any accrued reimbursable expenses;
- any accrued benefits, together with any benefits required to be paid or provided under applicable law;
- any accrued cash bonus, which has been determined for the prior year, but not yet paid;
- any cash bonus for the current year based on performance for the current year prorated to the date of termination; and
- an amount, payable in cash within 60 days of the date of termination, equal to 50% of the sum of (A) the executive's then current per annum base salary, plus (B) an amount equal to the annual cash incentive award which was paid to the executive for the fiscal year preceding the year of termination.

In addition, any equity awards which have not yet vested will immediately be forfeited except as otherwise provided in the applicable award agreement.

Termination upon Executive's Death; Disability

If employment under the agreement is terminated by reason of the death or by us because of "disability" of the executive, we will pay the executive (or his or her estate or beneficiaries):

- any accrued base salary payable within 30 days of the date of termination;
- any accrued vacation days usable within 30 days of the date of termination;
- any accrued reimbursable expenses;
- any accrued benefits, together with any benefits required to be paid or provided under applicable law;
- any accrued cash bonus, which has been determined for the prior year, but not yet paid; and
- any cash bonus for the current year based on performance for the current year prorated to the date of termination.

In addition, any equity awards issued to the executive under the employment agreement which have not yet vested generally will vest immediately and no longer be subject to forfeiture.

Termination by the Company without Cause or by the Executive for Good Reason

If employment is terminated by us "without cause" or by the executive for "good reason," we will pay the executive:

- any accrued base salary payable within 30 days of the date of termination;
- any accrued vacation days usable within 30 days of the date of termination;
- any accrued reimbursable expenses;
- any accrued benefits, together with any benefits required to be paid or provided under applicable law;
- any accrued cash bonus, which has been determined for the prior year, but not yet paid;

- any cash bonus for the current year based on performance for the current year, prorated to the date of termination; and

- an amount, payable in cash within 60 days of the date of termination, equal to the sum of: (A) the executive's then current per annum base salary, plus (B) an amount equal to the annual cash incentive award which was paid to the executive for the fiscal year preceding the year of termination.

In addition, any equity awards which have not yet vested will vest immediately and will no longer be subject to forfeiture.

Termination by the Company without Cause or by the Executive for Good Reason within One Year of a Change in Control

The completion of the merger will constitute a change in control under the employment agreements. The employment agreements provide that, if a named executive officer's employment is terminated by us without "cause" or by the executive for "good reason" (each as defined in the applicable employment agreement) within one year following the merger, the executive will be entitled to the following severance payments and benefits, subject to his or her execution and non-revocation of a general release of claims:

- any accrued base salary payable within 30 days of the date of termination;

- any accrued vacation days usable within 30 days of the date of termination;

- any accrued reimbursable expenses;

- any accrued benefits, together with any benefits required to be paid or provided under applicable law;

- any accrued cash bonus, which has been determined for the prior year, but not yet paid;

- any cash bonus for the current year based on performance for the current year, prorated to the date of termination; and

- an amount, payable in cash within 60 days of the date of termination, equal to two times the sum of: (A) the executive's then current per annum base salary, plus (B) an amount equal to the annual cash incentive award which was paid to the executive for the fiscal year preceding the year of termination, plus (C) an amount the executive's target award opportunity under the long-term incentive plan for the fiscal year of termination.

In addition, any equity awards which have not yet vested will vest immediately and will no longer be subject to forfeiture.

Each of the employment agreements includes a "better-of" cutback provision which provides that, to the extent that any payment or benefit that any named executive officer would receive in connection with a change in control of the Company would constitute a parachute payment within the meaning of Section 280G of the Code and would otherwise be subject to the excise tax imposed by Section 4999 of the Code, then such amounts would be reduced to the extent necessary so that no such payments or benefits are subject to the excise tax, but only if such reduction would result in a better after-tax position for the executives than would receiving the full, unreduced payments and benefits.

Indemnification of Our Directors and Officers

The merger agreement provides that after the effective time, all rights to indemnification existing in favor of our directors and officers contained in our charter and bylaws and in such directors' and officers' individual indemnification agreements, in each case, in effect as of the date of the merger

agreement, will become the obligation of the surviving entity, and the surviving entity shall, to the fullest extent permitted by applicable law, indemnify, defend and hold harmless such directors and officers against all losses, claims, damages, liabilities, fees, expenses, judgments and fines arising in whole or in part out of actions or omissions by any of them in their capacity as our directors or officers occurring at or prior to the effective time (including in respect of the merger and the other transactions contemplated by the merger agreement), and subject to certain conditions, shall pay related legal fees, costs and expenses incurred by them in connection therewith.

The merger agreement requires that the surviving entity maintain our directors' and officers' liability insurance policies in effect on the date of the merger agreement for at least six years after the closing of the merger (or substitute policies with at least the same coverage and amounts as our existing policies). This requirement is subject to a maximum cost of 250% of our current annual premium paid for such insurance (which we refer to as the maximum cost). If the cost to maintain or procure such insurance coverage exceeds the maximum cost, Parent will maintain or procure for such six-year period as much coverage as can be reasonably obtained for the maximum cost.

The parties have agreed not to terminate or modify the obligations described above regarding directors' and officers' indemnification in such a manner as to adversely affect our directors and officers, and such obligations must be assumed by any successor entity to the surviving entity in the merger as a result of any consolidation, merger, dissolution or transfer of all or substantially all of its properties and assets.

Quantification of Payments and Benefits

The following table sets forth the information required by Item 402(t) of Regulation S-K regarding certain compensation which each of our named executive officers may receive that is based on or that otherwise relates to the merger. This compensation is referred to as "golden parachute" compensation in Item 402(t) of Regulation S-K. This compensation payable to our named executive officers is subject to a non-binding advisory vote of our common stockholders as described above under the heading "Proposal 2: Proposal to Approve the Merger-Related Compensation." For additional details regarding the terms of the payments quantified below, see " Interests of Our Directors and Executive Officers in the Merger" above.

The amounts indicated below are estimates based on multiple assumptions that may or may not actually occur or be accurate on the relevant date, including the assumptions described below. The actual value to be received by our named executive officers may be greater or less than the amounts presented below. For purposes of calculating such amounts, we have assumed, among other things:

- January 27, 2016 as the closing date of the merger; and

- the termination of our named executive officers' employment by the company without "cause" or by the executive for "good reason" (each as defined in the applicable employment agreement) immediately following the closing of the merger.

In addition, the amounts indicated below may be subject to reduction pursuant to the "better of" cutback provision in the employment agreements described above relating to Sections 280G and 4999 of the Code.

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"Golden Parachute" Compensation

Name	Cash ($)(1)(2)(5)	Equity ($)(3)(5)	Perquisites / Benefits ($)(2)(4)(5)	Total ($)(5)
Mark E. Zalatoris	$ 2,685,315	$ 534,484	$ 661	$ 3,220,460
Brett A. Brown	$ 1,720,964	$ 369,240	$ 1,577	$ 2,091,781
D. Scott Carr	$ 1,690,942	$ 356,637	$ 1,576	$ 2,049,155
Beth Sprecher Brooks	$ 1,221,523	$ 241,139	$ 630	$ 1,463,292
William W. Anderson	$ 1,190,567	$ 236,581	$ 1,563	$ 1,428,711

(1) The cash severance payment, is further described above under " Interests of Our Directors and Executive Officers in the Merger Employment Agreements." This amount represents the cash bonus for the current year prorated to the date of termination and an amount payable within 60 days of termination, equal to two times the sum of: (A) the executive's then current per annum base salary, plus (B) an amount equal to the annual cash incentive award which was paid to the executive for the fiscal year preceding the year of termination, plus (C) an amount the executive's target award opportunity under the long-term incentive plan for the fiscal year of termination, as well as base salary paid to the named executive officers for the 30-day notice period required per the employment agreements prior to a termination by the company without "cause" or by the executive for "good reason." Payment of the severance benefit is conditioned upon the named executive officer's execution (and non-revocation) of a general release of claims against the company and certain affiliated parties. The named executive officers are subject to covenants of non-competition and non-solicitation of company employees and customers during employment and for one year thereafter (two years for non-solicitation), and to perpetual duties of confidentiality.

(2) Estimated amounts included in these columns are "double trigger" benefits and subject to the execution and non-revocation of a release of claims in favor of the company and our affiliates. Our named executive officers would only be entitled to receive the estimated compensation in these columns upon termination of such executive's employment without "cause" or resignation for "good reason" (each as defined in the applicable employment agreement) following the merger.

(3) Represents the value of the accelerated vesting of restricted common stock for each named executive officer, which restricted common stock will vest immediately prior to the effective time, calculated as the number of shares of restricted common stock that will vest multiplied by the cash merger consideration of $10.60 per share. Estimated amounts included in this column are a "single trigger" benefit, meaning they will be realized whether or not the executive continues to be employed by the surviving entity. See " Interests of Our Directors and Executive Officers in the Merger Restricted Common Stock" above for more information.

(4) This figure represents the estimated amounts needed to pay for the executive's benefits during the 30-day notice period required per the employment agreements prior to a termination by the company without "cause" or by the executive for "good reason." These amounts were determined using the premiums in effect as of January 27, 2016.

(5) The amounts actually received by the named executive officers are subject to reduction pursuant to the "better-of" cutback provision described above with respect to Sections 280G and 4999 of the Code, and to the extent the executives are subject to the cutback, then as a result of the application of the cutback (if applicable), the payments to a named executive officer may be less than those indicated.

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Regulatory Matters

We are unaware of any material federal, state or foreign regulatory requirements or approvals that are required for the execution of the merger agreement or the completion of the merger, other than the filing of the articles of merger with respect to the merger with, and the acceptance of such articles of merger for record by, the State Department of Assessments and Taxation of Maryland.

Litigation Relating to the Merger

On January 5, 2016, two putative class action complaints, *Mattos v. Inland Real Estate Corp., et al.* and *Perrone v. Inland Real Estate Corp., et al.*, were filed in Maryland state court, in the Circuit Court for Baltimore City, against the company, members of the company's board of directors, the Parent Parties and Merger Sub. A third complaint, *Rosen v. Inland Real Estate Corp., et al.*, was filed January 8, 2016 in Maryland state court in the Circuit Court for Baltimore City. The allegations in the three aforementioned complaints raise similar putative class claims against the company, members of the company's board of directors, the Parent Parties and Merger Sub. In particular, each of the three complaints allege that the merger consideration was insufficient and that the merger agreement contained unreasonable deal protection devices, including, for example, by use of a "no-solicitation" provision. The complaints generally allege breaches of fiduciary duty by members of the company's board of directors in connection with the merger agreement. Further, the complaints allege that some or all of the company, the Parent Parties and Merger Sub aided and abetted the purported breaches of fiduciary duty. The complaints seek unspecified damages and attorneys' fees, as well as, or in substitution for, certain equitable and injunctive relief, including an order enjoining the defendants from completing the merger, or, in the event the merger is consummated, rescission of the transaction. The company believes these civil actions are wholly without merit and intends to vigorously defend against them. Additional civil actions may be filed against the company, the Parent Parties, Merger Sub and/or any of their respective directors in connection with the merger.

Fees Payable to Financial Advisors

In connection with BMO's services as the company's financial advisor, the company will pay BMO an aggregate fee of approximately $10,000,000, $250,000 of which was paid upon the signing of BMO's engagement letter with the company, $3,000,000 of which was paid upon delivery of the Opinion, and the remainder of which is payable upon consummation of the merger. In addition, the company has agreed to reimburse BMO up to a limit of $50,000 for its reasonable out-of-pocket expenses, including attorneys' fees and disbursements, and to indemnify BMO and related persons against various liabilities, including certain liabilities under the federal securities laws.

In connection with Silver Portal's services as the company's financial advisor, the company had agreed to pay Silver Portal an advisory fee, the substantial majority of which would have been payable upon consummation of the merger. Subsequently to entering into such agreement and in full satisfaction of the company's contractual obligations thereto, pursuant to a separate agreement between Parent and Silver Portal, Parent has agreed that, upon consummation of the merger, the company will pay Silver Portal an aggregate fee of $2,500,000 less all amounts received by Silver Portal from the company prior to the consummation of the merger and, following consummation of the merger, Parent will cause the company to have good faith discussions with Silver Portal to enable Silver Portal to participate in future transactions such that Silver Portal may earn up to an additional $7,500,000. In addition, the company has agreed to indemnify Silver Portal and related persons against various liabilities, including certain liabilities under the federal securities laws.

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Material U.S. Federal Income Tax Consequences

The following is a discussion of the material U.S. federal income tax consequences of the merger to our shareholders whose shares of common stock are exchanged for the right to receive cash pursuant to the merger agreement.

This discussion is based upon the Internal Revenue Code of 1986, as amended, or the Code, Treasury regulations promulgated under the Code, which we refer to as the Treasury Regulations, and reported judicial and administrative rulings and decisions in effect as of the date of this proxy statement, all of which are subject to change, retroactively or prospectively, and to possibly differing interpretations. Any such change could affect the validity of this discussion.

This discussion does not address (i) U.S. federal taxes other than income taxes or (ii) state, local or non-U.S. taxes. In addition, this discussion does not purport to address the U.S. federal income or other tax considerations applicable to holders of shares of our common stock that are subject to special treatment under U.S. federal income tax law, including, for example:

- financial institutions;
- partnerships or entities treated as partnerships for U.S. federal income tax purposes and investors therein, S corporations or other pass-through entities;
- insurance companies;
- pension plans or other tax-exempt organizations;
- dealers in securities or currencies;
- traders in securities that elect to use a mark to market method of accounting;
- persons that hold their common stock as part of a straddle, hedge, constructive sale or conversion transaction;
- persons that do not hold their common stock as a capital asset within the meaning of Section 1221 of the Code;
- regulated investment companies;
- real estate investment trusts;
- certain U.S. expatriates;
- persons whose "functional currency" is not the U.S. dollar; and
- persons who acquired our shares of common stock through the exercise of an employee stock option or otherwise as compensation.

Generally, for purposes of this discussion, a "U.S. Holder" is a person (other than a partnership or entity treated as a partnership for U.S. federal income tax purposes) who or that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial

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decisions of the trust or (ii) the trust has a valid election in effect under current Treasury Regulations to be treated as a U.S. person.

For purposes of this discussion, a "Non-U.S. Holder" is a person (other than a partnership or entity treated as a partnership for U.S. federal income tax purposes) who or that is not a U.S. Holder.

If a partnership or entity treated as a partnership for U.S. federal income tax purposes holds shares of our common stock and participates in the merger, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partnership or entity treated as a partnership for U.S. federal income tax purposes holding shares of our common stock, and the partnership in such partnership, should consult its own tax advisors.

Consequences of the Merger to U.S. Holders of our Common Stock

The receipt of cash in exchange for shares of our common stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. In general, a U.S. Holder whose shares of our common stock are converted into the right to receive cash in the merger will recognize capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount of cash received with respect to such shares and the U.S. Holder's adjusted tax basis in such shares. Gain or loss will be calculated separately for each block of shares of our common stock, with a block consisting of shares acquired at the same cost in a single transaction. Gain or loss will be long-term capital gain or loss if at the time of the merger the common stock has been held for more than one year. An individual U.S. Holder will be subject to tax on net long-term capital gain at a maximum federal income tax rate of 20%. Additionally, the 3.8% Medicare unearned income contribution tax will apply to any gain recognized by individuals, trusts and estates whose income exceeds certain threshold levels. Capital gains of corporate U.S. Holders generally are taxable at the regular tax rates applicable to corporations. The deductibility of a capital loss recognized in the exchange is subject to limitations under the Code. In addition, the IRS has the authority to prescribe, but has not yet prescribed, regulations that would apply a tax rate of 25% to a portion of capital gain realized by a noncorporate stockholder on the sale of REIT stock that would correspond to the REIT's "unrecaptured Section 1250 gain."

A U.S. Holder who has held our common stock for less than six months at the time of the merger, taking into account the holding period rules of Section 246(c)(3) and (4) of the Code, and who recognizes a loss on the exchange of our common stock in the merger, will be treated as recognizing a long-term capital loss to the extent of any capital gain dividends received from the company, or such holder's share of any designated retained capital gains, with respect to such stock.

Consequences of the Merger to Non-U.S. Holders of our Common Stock

A Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax under FIRPTA on gain recognized on the receipt of cash in exchange for shares of our common stock pursuant to the merger; *provided*, that: (1) such gain is not effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; (2) the Non-U.S. Holder is an individual and is not present in the U.S. for 183 days or more during the taxable year and certain other conditions apply; and (3)(A) the company is "domestically controlled," which generally means that less than 50% in value of the company's shares continue to be held directly or indirectly by foreign persons during a continuous five-year period ending on the date of the merger or, if shorter, during the entire period of the company's existence, or (B) shares of the company's common stock are "regularly traded" on an established securities market and the selling Non-U.S. Holder has not held more than 5% of the outstanding shares of the company's common stock at any time during the five-year period ending on the date of the merger.

We believe, but cannot assure you, that we will qualify as "domestically controlled." However, if we were not domestically controlled, a Non-U.S. Holder's exchange of common shares for cash pursuant to the merger would be subject to tax, unless the common shares were regularly traded on an established securities market and the Non-U.S. Holder has not directly, or indirectly, owned during the five-year period ending on the date of the merger more than 10% in value of our common shares. If the gain on the exchange of common shares for cash pursuant to the merger were to be subject to taxation, the Non-U.S. Holder would be subject to the same treatment as U.S. Holders with respect to such gain, and 15% of the gross merger consideration payable for such shares of our common stock may be required to be withheld.

Information Reporting and Backup Withholding

Backup withholding, currently at a rate of 28%, and information reporting may apply to the cash received pursuant to the exchange of our common stock in the merger. Backup withholding will not apply, however, to a holder who:

- in the case of a U.S. Holder, furnishes a correct taxpayer identification number and certifies that it is not subject to backup withholding on an IRS Form W-9 (or substitute Form W-9);
- in the case of a Non-U.S. Holder, furnishes an applicable IRS Form W-8 or successor form; or
- is otherwise exempt from backup withholding and complies with other applicable rules and certification requirements.

Backup withholding is not an additional tax and any amount withheld under these rules may be credited against the holder's U.S. federal income tax liability and may entitle the holder to a refund if required information is timely furnished to the IRS.

THE FOREGOING DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OF THE POTENTIAL TAX CONSIDERATIONS RELATING TO THE MERGER AND IS NOT TAX ADVICE. THEREFORE, HOLDERS OF SHARES OF OUR COMMON STOCK ARE STRONGLY URGED TO CONSULT THEIR TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE MERGER, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX LAWS IN THEIR PARTICULAR CIRCUMSTANCES.

Delisting and Deregistration of Our Common Stock, Series A Preferred Stock and Series B Preferred Stock

If the merger is completed, our common stock, Series A preferred stock and Series B preferred stock will no longer be traded on the NYSE and will be deregistered under the Exchange Act.

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THE MERGER AGREEMENT

This section of this proxy statement describes the material provisions of the merger agreement, which is attached as Annex A to this proxy statement and is incorporated herein by reference.

This summary may not contain all of the information about the merger agreement that is important to you. Inland Real Estate Corporation urges you to carefully read the full text of the merger agreement because it is the legal document that governs the merger. The merger agreement is not intended to provide you with any factual information about Parent or Inland Real Estate Corporation. In particular, the assertions embodied in the representations and warranties contained in the merger agreement (and summarized below) are qualified by information Inland Real Estate Corporation filed with the SEC prior to the effective date of the merger agreement, as well as by certain disclosure letters each of the parties delivered to the other in connection with the signing of the merger agreement, that modify, qualify and create exceptions to the representations and warranties set forth in the merger agreement. Moreover, some of those representations and warranties may not be accurate or complete as of any specified date, may apply contractual standards of materiality in a way that is different from what may be viewed as material by investors or that is different from standards of materiality generally applicable under the U.S. federal securities laws or may not be intended as statements of fact, but rather as a way of allocating risk among the parties to the merger agreement. The representations and warranties and other provisions of the merger agreement and the description of such provisions in this document should not be read alone but instead should be read in conjunction with the other information contained in the reports, statements and filings that Inland Real Estate Corporation files with the SEC and the other information in this proxy statement. See "Where You Can Find More Information" beginning on page 86.

Parent and Inland Real Estate Corporation acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, each of them is responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this proxy statement not misleading.

Form, Effective Time and Closing of the Merger

The merger agreement provides for the merger of Merger Sub with and into Inland Real Estate Corporation upon the terms and subject to the conditions set forth in the merger agreement. Inland Real Estate Corporation will be the surviving entity in the merger and, following completion of the merger, will exist under the name G&I VIII Midwest Retail Corp. as a wholly owned subsidiary of the Parent Parties. The merger will become effective upon acceptance for record of articles of merger by the State Department of Assessments and Taxation of Maryland or at a later date and time (not to exceed 30 days from the date the articles of merger are accepted for record) agreed to by Parent and Inland Real Estate Corporation and specified in the articles of merger.

The merger agreement provides that the closing of the merger will take place on the second business day following the date on which the last of the conditions to closing of the merger (described under " Conditions to Completion of the Merger") have been satisfied or waived (other than the conditions that by their terms are to be satisfied at the closing of the merger, but subject to the satisfaction or waiver of those conditions); provided that subject to certain exceptions, Parent will have the right to extend the closing date through the date that is 10 business days after all such conditions have been satisfied.

Organizational Documents of the Surviving Entity

Upon completion of the merger, the charter and bylaws of Inland Real Estate Corporation in effect as of immediately prior to the effective time of the merger will be the charter and bylaws of the surviving entity.

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Merger Consideration; Conversion or Cancellation of Shares in the Merger

Merger Consideration

If the merger is completed, each share of Inland Real Estate Corporation common stock (other than shares of Inland Real Estate Corporation common stock owned by any wholly owned subsidiary of Inland Real Estate Corporation, Parent or any subsidiary of Parent, which will be cancelled) will be converted automatically into the right to receive $10.60 in cash, without interest thereon, which we refer to as the merger consideration.

If, prior to the effective time of the merger or the valid termination of the merger agreement, Inland Real Estate Corporation splits, combines or otherwise reclassifies any shares of Inland Real Estate Corporation common stock, or makes a distribution or dividend in shares of Inland Real Estate Corporation common stock, or engages in a reclassification, reorganization, recapitalize or exchange or other like exchange, the merger consideration will be ratably adjusted to reflect the effect of such any change.

Procedures for Surrendering Inland Real Estate Corporation Stock Certificates

The conversion of Inland Real Estate Corporation common stock into the right to receive the merger consideration will occur automatically at the effective time of the merger. In accordance with the merger agreement, Parent will appoint a paying agent to handle the payment and delivery of the merger consideration. On or before the effective time of the merger, Parent will deliver to the paying agent cash in immediately available funds sufficient to pay the merger consideration. As promptly as practicable after the effective time, but in no event later than two business days thereafter, the surviving entity will cause the paying agent to send to each record holder of a certificate representing Inland Real Estate Corporation common stock immediately prior to the effective time of the merger, a letter of transmittal and instructions explaining how to surrender Inland Real Estate Corporation stock certificates to the paying agent.

Each Inland Real Estate Corporation stockholder that surrenders its stock certificate to the paying agent together with a duly completed letter of transmittal, and each Inland Real Estate Corporation stockholder that holds book-entry shares of Inland Real Estate Corporation common stock, will receive the merger consideration due to such stockholder. After the effective time of the merger, each certificate that previously represented shares of Inland Real Estate Corporation common stock will only represent the right to receive the merger consideration into which those shares of Inland Real Estate Corporation common stock have been converted.

Withholding

Payments made under the merger agreement are subject to applicable withholding requirements with respect to equity compensation awards and other compensatory payments to current and former employees.

Treatment of Common Stock, Series A Preferred Stock, Series B Preferred Stock, Restricted Common Stock and Options

Common Stock

The merger agreement provides that, at the effective time, each share of our common stock will automatically be converted into the right to receive $10.60 in cash, without any interest thereon, which we refer to as the cash merger consideration.

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Series A Preferred Stock and Series B Preferred Stock

Pursuant to the terms of the merger agreement, Parent is required to cause the surviving entity to exercise its "special optional redemption right" in accordance with the terms of the company's charter, including the articles supplementary designating the Series B preferred stock, which we refer to collectively as the charter, within 15 days after the closing date with respect to all of the issued and outstanding shares of Series A preferred stock and Series B preferred stock and pay all amounts required to be paid at the times they are required to be paid in connection with such redemption. The merger agreement also provides that Parent will be solely responsible for any and all liabilities arising out of or relating to the failure to pay any amounts payable in connection with the redemption of the Series A preferred stock and Series B preferred stock on a timely basis. It is a condition to closing under the merger agreement that Parent certify that it has or will have available all amounts necessary to consummate the redemption of all of the Series A preferred stock and Series B preferred stock.

The "special option redemption right" with respect to the Series A preferred stock and Series B preferred stock pursuant to the charter provides that, upon the occurrence of a change of control (which would occur upon the completion of the merger and the other transactions contemplated by the merger agreement), the company may, at its option and under certain circumstances, redeem the shares of Series A preferred stock and Series B preferred stock, for cash, in whole or in part, by paying $25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date of redemption.

Restricted Common Stock

Immediately prior to the effective time, each then-outstanding share of restricted common stock will be fully vested and will entitle the holder thereof to receive the cash merger consideration less any applicable withholding taxes, payable as promptly as practicable following the effective time, but not later than the third business day after the effective time.

Options

At the effective time, all then-outstanding and unexercised options to purchase shares of our common stock, whether or not exercisable, will be fully vested and cancelled and converted into the right to receive (i) the number of shares of our common stock underlying such option, times (ii)(x) the cash merger consideration less (y) the per share exercise price of such option, payable as promptly as practicable following the effective time, but not later than the third business day after the effective time.

Representations and Warranties

The merger agreement contains a number of representations and warranties made by Inland Real Estate Corporation, on the one hand, and the Parent Parties and Merger Sub, on the other hand. The representations and warranties were made by the parties as of the date of the merger agreement and do not survive the effective time of the merger. Certain of these representations and warranties are subject to specified exceptions and qualifications contained in the merger agreement or the disclosure letters delivered in connection therewith.

Representations and Warranties of Inland Real Estate Corporation

Inland Real Estate Corporation made representations and warranties in the merger agreement relating to, among other things:

- organization and qualification and subsidiaries;
- organizational documents;

- capital structure;
- authority;
- no conflict and required filings and consents;
- permits and compliance with law;
- SEC filings and financial statements;
- disclosure documents;
- absence of certain changes or events since January 1, 2015;
- employee benefit plans;
- labor and other employment-related matters;
- material contracts;
- litigation;
- environmental matters;
- intellectual property;
- properties;
- loan documents;
- taxes;
- insurance;
- opinion of financial advisor;

- exemption of the merger from anti-takeover statutes;
- brokers;
- affiliate transactions;
- the Investment Company Act of 1940; and
- listing and maintenance requirements.

Representations and Warranties of the Parent Parties and Merger Sub

The Parent Parties and Merger Sub made representations and warranties in the merger agreement relating to, among other things:

- organization and qualification and subsidiaries;
- authority;
- no conflict and required filings and consents;
- litigation;
- Parent's debt financing;
- information in the proxy statement;
- brokers;
- sufficient funds to consummate the transactions contemplated by the merger agreement;

financial statements;

absence of certain changes or events since January 1, 2015;

net worth and liquid assets;

the solvency of the Parent Parties after giving effect to the transactions contemplated by the merger agreement;

ownership and prior activities of Merger Sub; and

ownership of Inland Real Estate Corporation common stock.

Definition of "Company Material Adverse Effect"

Many of the representations of Inland Real Estate Corporation are qualified by a "material adverse effect" standard (that is, they will not be deemed to be untrue or incorrect unless their failure to be true or correct, individually or in the aggregate, has not had and would not reasonably be expected to have a material adverse effect). For the purposes of the merger agreement, "material adverse effect" means any event, circumstance, change or effect (i) that, individually or when aggregated with other events, circumstances, changes or effects, is or would reasonably be expected to be material and adverse to the business, assets, financial condition or results of operations of Inland Real Estate Corporation and its subsidiaries (including certain events of its joint ventures), taken as a whole, or (ii) that will, or would reasonably be expected to, prevent or materially impair the ability of Inland Real Estate Corporation to consummate the merger before June 30, 2016, other than any event, circumstance, change or effect to the extent arising out of or resulting from:

(A) any failure of Inland Real Estate Corporation to meet any projections or forecasts or any decrease in the market price of Inland Real Estate Corporation common stock;

(B) any events, circumstances, changes or effects that affect the commercial real estate industry generally;

(C) any changes in the United States or global economy or capital, financial or securities markets generally, including changes in interest or exchange rates;

(D) any changes in legal or regulatory conditions;

(E) the commencement, escalation or worsening of a war or armed hostilities or the occurrence of acts of terrorism or sabotage;

(F) the negotiation, execution or announcement of the merger agreement, or the consummation or anticipation of the merger or other transactions contemplated thereby;

(G) the taking of any action required or expressly permitted by, or the failure to take any action prohibited by, the merger agreement, or any action taken, or not taken, with the consent, waiver or at the request of the Parent Parties in writing;

(H) fires, earthquakes, tornadoes, hurricanes, floods or other natural disasters;

(I) any damage or destruction of any property that is substantially covered by insurance;

(J) any action brought or threatened by or on behalf of any holder of equity interests in Inland Real Estate Corporation arising out of or relating to the merger or other transactions contemplated by the merger agreement;

(K) changes in law or GAAP;

(L) the identity of the parties to the merger agreement or any of their respective affiliates, representatives or financing sources, or the pendency or contemplated consummation of the

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transactions contemplated by the merger agreement, including any actual or potential loss or impairment after the date of the merger agreement of any contract or any customer, supplier, partner, employee or other business relation due to any of the foregoing; and

(M) any actions taken by the Parent Parties, their affiliates or any of their respective representatives or financing sources after the date of the merger agreement;

which, in the case of each of clauses (B), (C), (D), (E) and (K), do not disproportionately affect Inland Real Estate Corporation and its subsidiaries, taken as a whole, relative to other similarly situated participants in the commercial real estate industry in the U.S., and, in the case of clause (H), do not disproportionately affect Inland Real Estate Corporation and its subsidiaries, taken as a whole, relative to other participants in the commercial real estate industry in the geographic regions in which Inland Real Estate Corporation and its subsidiaries operate or own or lease properties.

Conditions to Completion of the Merger

Mutual Closing Conditions

The obligation of each of Inland Real Estate Corporation, Parent and Merger Sub to complete the merger is subject to the satisfaction or waiver, at or prior to the effective time of the merger, of the following conditions:

- approval of the merger and the other transactions contemplated by the merger agreement by Inland Real Estate Corporation stockholders; and

- the absence of any law or other legal restraint or prohibition entered, enacted, promulgated, enforced or issued by any governmental authority of competent jurisdiction which prohibits, makes illegal or enjoins the consummation of the merger.

Additional Closing Conditions for the Benefit of Parent and Merger Sub

The respective obligations of Parent and Merger Sub to complete the merger is subject to the satisfaction or waiver, at or prior to the effective time, of the following additional conditions:

- the accuracy in all material respects as of the effective time of the merger (or, in the case of representations and warranties that by their terms address matters only as of another specified date, as of that date) of certain representations and warranties made in the merger agreement by Inland Real Estate Corporation regarding Inland Real Estate Corporation's organization, qualification and subsidiaries, certain aspects of its capital structure, corporate authority relative to the merger agreement and the fairness opinion from its financial advisor;

- the accuracy of all other representations and warranties made in the merger agreement by Inland Real Estate Corporation (disregarding any materiality or material adverse effect qualifications contained in such representations and warranties) as of the effective time of the merger (or, in the case of representations and warranties that by their terms address matters only as of another specified date, as of that date), except for any such inaccuracies that do not have and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Inland Real Estate Corporation;

- Inland Real Estate Corporation must have performed and complied in all material respects with the agreements and covenants required to be performed or complied with by it at or prior to the closing date;

- receipt by Parent of an officer's certificate, dated as of the closing date and signed by Inland Real Estate Corporation's chief executive officer or another senior officer on its behalf, certifying that the closing conditions described in the three preceding bullets have been satisfied;

receipt by Parent of an opinion dated as of the closing date from Proskauer Rose LLP regarding Inland Real Estate Corporation's qualification and taxation as a REIT under the Code; and

since December 14, 2015, no material adverse effect with respect to Inland Real Estate Corporation shall have occurred or reasonably be expected to occur.

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Additional Closing Conditions for Inland Real Estate Corporation's Benefit

The obligation of Inland Real Estate Corporation to complete the merger is subject to the satisfaction or waiver, at or prior to the effective time, of the following additional conditions:

- the accuracy in all material respects as of the effective time of the merger (or, in the case of representations and warranties that by their terms address matters only as of another specified date, as of that date) of certain representations and warranties made in the merger agreement by the Parent Parties and Merger Sub regarding the Parent Parties' and Merger Sub's organization, qualification and subsidiaries and corporate authority relative to the merger agreement;

- the accuracy of all other representations and warranties made in the merger agreement by the Parent Parties and Merger Sub (disregarding any materiality or material adverse effect qualifications contained in such representations and warranties) as of the effective time of the merger (or, in the case of representations and warranties that by their terms address matters only as of another specified date, as of that date), except for any such inaccuracies that would not, and would not reasonably be expected to prevent, impair or materially delay the ability of any of the Parent Parties or Merger Sub to consummate the merger or the other transactions contemplated by the merger agreement;

- the Parent Parties and Merger Sub must have performed and complied in all material respects with the agreements and covenants required to be performed or complied with by them at or prior to the closing date; and

- receipt by Inland Real Estate Corporation of an officer's certificate dated as of the closing date and signed by Parent's chief executive officer or other senior officer on its behalf, certifying that the closing conditions described in the three preceding bullets have been satisfied.

Covenants and Agreements

Conduct of Business of Inland Real Estate Corporation Pending the Merger

Inland Real Estate Corporation has agreed to certain restrictions on it and its subsidiaries until the earlier of the effective time of the merger or the valid termination of the merger agreement. In general, except with Parent's prior written approval (not to be unreasonably withheld, delayed or conditioned) or as otherwise contemplated or permitted by, or necessary to effectuate the transactions contemplated by, the merger agreement or as required by law, Inland Real Estate Corporation has agreed that, it will, and will cause each of its subsidiaries to, conduct its business in all material respects in the ordinary course and use its commercially reasonable efforts to maintain its material assets and properties in their current condition (normal wear and tear and damage caused by casualty or by reasons outside of Inland Real Estate Corporation's or its subsidiaries' control excepted) and maintain the status of Inland Real Estate Corporation as a REIT. Inland Real Estate Corporation has also agreed to deliver an officer's certificate to Proskauer Rose LLP to enable Proskauer Rose LLP to render an opinion regarding Inland Real Estate Corporation's qualification and taxation as a REIT under the Code. Without limiting the foregoing, Inland Real Estate Corporation has also agreed that, subject to certain exceptions, except with Parent's prior written approval (not to be unreasonably withheld, delayed or conditioned) and except, in some cases, in limited circumstances and/or subject to certain parameters, to the extent required by law, or as otherwise contemplated or permitted by, or necessary to effectuate the transactions contemplated by, the merger agreement, it will not, and it will not cause or permit any of its subsidiaries to:

- amend or propose to amend its organizational documents;

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split, combine, reclassify or subdivide any shares of stock or other equity securities or ownership interests of Inland Real Estate Corporation or any of its subsidiaries;

redeem, repurchase or otherwise acquire equity interests of Inland Real Estate Corporation or any of its subsidiaries;

declare, set aside or pay any dividend on or make any other distributions (whether in cash, stock, property or otherwise) with respect to shares of capital stock of Inland Real Estate Corporation or any of its subsidiaries or other equity securities or ownership interests in Inland Real Estate Corporation or any of its subsidiaries, except for the declaration and payment by Inland Real Estate Corporation of regular monthly dividends for full monthly periods in accordance with past practice and not for any interim period prior to the effective time of the merger, provided that the record date with respect to any such regular monthly dividends is the first business day of the applicable month;

issue, sell, pledge, dispose, encumber or grant any shares of Inland Real Estate Corporation's or any of its subsidiaries' capital stock, or any options, warrants, convertible securities or other rights of any kind to acquire any shares of Inland Real Estate Corporation's or any of its subsidiaries' capital stock or other equity interests;

grant, confer, award, or modify the terms of any convertible securities, or other rights to acquire, or denominated in, any of Inland Real Estate Corporation's or any of its subsidiaries' capital stock;

(i) increase in any material manner the amount, rate or terms of compensation or benefits of any of its directors or officers, (ii) enter into, adopt, amend or terminate any employment, bonus, severance or retirement contract or Inland Real Estate Corporation benefit plan or other compensation or employee benefits arrangement, (iii) accelerate the vesting or payment of any compensation or benefits under any Inland Real Estate Corporation benefit plan or (iv) take any action to fund or in any other way secure the payment of compensation or benefits under any employee plan, agreement, contract or arrangement or Inland Real Estate Corporation benefit plan;

acquire or agree to acquire (including by merger, consolidation or acquisition of stock or assets) any real property, personal property, corporation, partnership, limited liability company, other business organization or any division or material amount of assets thereof;

sell, pledge, assign, transfer dispose of or encumber, or effect a deed in lieu of foreclosure with respect to, any property or assets;

incur, assume, modify or guarantee any indebtedness other than in the ordinary course of business;

enter into, renew, modify, amend or terminate, or waive, release, compromise or assign any rights or claims under, any material contract, or fail to make any regular monthly payments or principal and interest or fail to perform any other material obligations under Inland Real Estate Corporation's existing loan documents;

enter into, renew, modify, amend or terminate, or waive, release, compromise or assign any rights or claims under, certain property leases;

permit any insurance policy naming Inland Real Estate Corporation or any of its subsidiaries as a beneficiary or a loss payable payee, or Inland Real Estate Corporation's directors and officers liability insurance policy, to be canceled or terminated;

make any material change to its methods of accounting;

take any action that would reasonably be expected to cause Inland Real Estate Corporation to fail to qualify as a REIT;

make or rescind any election relating to taxes or take any action to terminate or revoke any election relating to Inland Real Estate Corporation's REIT status;

settle any legal action, suit or arbitration proceeding, in each case made or pending against Inland Real Estate Corporation or any of its subsidiaries;

enter into any new line of business or enter into any related party transactions;

adopt a plan of merger, complete or partial liquidation or resolutions providing for or authorizing such merger, liquidation or a dissolution, consolidation, recapitalization or bankruptcy reorganization; or

authorize or enter into any contract, agreement, commitment or arrangement to do any of the foregoing.

No Solicitation of Transactions by Inland Real Estate Corporation

Inland Real Estate Corporation will not, and it will cause its subsidiaries and its and their officers and directors or equivalents not to, directly or indirectly, (i) solicit, initiate, knowingly facilitate or knowingly encourage any inquiries regarding, or the making of any proposal or offer that constitutes or would reasonably be expected to lead to, a Takeover Proposal (as defined below), (ii) continue, enter into or participate in any discussions with any person regarding any Takeover Proposal or furnish any non-public information in connection with, or knowingly facilitate in any way any effort in furtherance of any Takeover Proposal or (iii) approve or recommend a Takeover Proposal, or execute or enter into any contract, with respect to a Takeover Proposal.

For the purposes of the merger agreement, "Takeover Proposal" means any bona fide proposal or offer relating to (i) a merger, consolidation, spin-off, share exchange (including a split-off) or business combination involving Inland Real Estate Corporation or any of its subsidiaries representing 20% or more of the assets of Inland Real Estate Corporation and its subsidiaries, taken as a whole, (ii) a sale, exchange, transfer or other disposition, in a single transaction or series of related transactions, of 20% or more of the assets of Inland Real Estate Corporation and its subsidiaries, taken as a whole, (iii) a purchase or sale of shares of capital stock or other securities, in a single transaction or series of related transactions, representing 20% or more of the voting power of the capital stock of Inland Real Estate Corporation, including by way of a tender offer or exchange offer or (iv) a reorganization, recapitalization, liquidation or dissolution of Inland Real Estate Corporation.

Notwithstanding the restrictions set forth above, the merger agreement provides that, following receipt of an unsolicited written Takeover Proposal, (i) the Inland Real Estate Corporation board of directors shall be permitted to participate in discussions regarding such Takeover Proposal to clarify the terms of such Takeover Proposal and (ii) if the Inland Real Estate Corporation board of directors determines in good faith, after consultation with outside legal counsel and financial advisors, that such Takeover Proposal constitutes, or would reasonably be expected to lead to, a Superior Proposal (as defined below), then Inland Real Estate Corporation may, in response to such Takeover Proposal, (x) furnish non-public information to such third party pursuant to a confidentiality agreement containing provisions as to the treatment of confidential information that are no less favorable to Inland Real Estate Corporation than the terms of Inland Real Estate Corporation's confidentiality agreement with Parent (provided that all such information is provided to Parent as soon as practicable and, in any event, within 24 hours) and (ii) participate in discussions or negotiations regarding such Takeover Proposal.

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Inland Real Estate Corporation must notify Parent promptly (but in no event later than 24 hours) of (i) the receipt of any Takeover Proposal and (ii) any modifications to the financial or other material terms and conditions of such Takeover Proposal. Except as described below, the Inland Real Estate Corporation board of directors may not (i) withdraw, qualify, modify or amend, in a manner adverse to Parent, the Inland Real Estate Corporation board of directors' recommendation to Inland Real Estate Corporation stockholders that they approve the merger and the other transactions contemplated by the merger agreement, (ii) approve, endorse or recommend any Takeover Proposal or (iii) approve, recommend or allow Inland Real Estate Corporation to enter into a contract relating to a Takeover Proposal (other than a confidentiality agreement containing provisions as to the treatment of confidential information that are no less favorable in any material respect to Inland Real Estate Corporation than the terms of Inland Real Estate Corporation's confidentiality agreement with Parent). In this proxy statement, we refer to (i) through (iii) above as an "adverse recommendation change."

Notwithstanding the foregoing, at any time before Inland Real Estate Corporation's stockholders approval of the merger and the other transactions contemplated by the merger agreement is obtained, the Inland Real Estate Corporation board of directors may effect an adverse recommendation change (i) if it (a) has received a bona fide Takeover Proposal that, in the good faith determination of the Inland Real Estate Corporation board of directors, following consultation with its outside legal counsel and financial advisors, constitutes a Superior Proposal and (b) determines in good faith, following consultation with its outside legal counsel, that failure to take such action would reasonably be expected to be inconsistent with the directors' duties under applicable law, and in such case Inland Real Estate Corporation may also terminate the merger agreement (subject to Inland Real Estate Corporation's obligations upon such termination to pay the termination fee and expense amount as described below) and enter into a contract with respect to such Superior Proposal or (ii) as a result of an intervening event (as defined below), if the Inland Real Estate Corporation board of directors determines in good faith, following consultation with its outside legal counsel, that failure to take such action would be inconsistent with the directors' duties under applicable law.

For the purposes of the merger agreement, "Superior Proposal" means a Takeover Proposal (except that, for purposes of this definition, the references in the definition of "Takeover Proposal" to "20%" are replaced by "50%") which the Inland Real Estate Corporation board of directors determines, in consultation with its legal and financial advisors and taking into account all financial, legal, regulatory and any other aspects that the Inland Real Estate Corporation board of directors deems relevant, (i) is on terms and conditions more favorable, from a financial point of view, to the stockholders of Inland Real Estate Corporation than those contemplated by the merger agreement (including any adjustment to the terms and conditions thereof proposed in writing by Parent in response to any such Takeover Proposal) and (ii) if accepted, is reasonably likely to be consummated on the terms proposed.

The Inland Real Estate Corporation board of directors is not entitled to effect an adverse recommendation change or terminate the merger agreement in order to enter into a contract with respect to a Superior Proposal unless (i) Inland Real Estate Corporation has provided a written notice to Parent that Inland Real Estate Corporation intends to take such action, specifying in reasonable detail the reasons therefor and (A) in the case of a Superior Proposal, describing in such notice the material terms and conditions of, and attaching to such notice the most recent draft of, the Superior Proposal that is the basis of such action and (B) in the case of an intervening event, describing in such notice the material facts and circumstances related to such intervening event, (ii) during the following three business days, Inland Real Estate Corporation negotiates with Parent in good faith (if desired by Parent) to adjust the terms of the merger agreement so that the action is no longer necessary and (iii) following the end of the three business day period, the Inland Real Estate Corporation board of directors has determined in good faith, after consultation with its outside legal counsel, taking into account any changes to the merger agreement proposed in writing by Parent, that the failure to make

an adverse recommendation change or terminate the merger agreement would still be inconsistent with the directors' duties under applicable law. Upon any amendment to the financial terms or any other material amendment to the Takeover Proposal giving rise to the notice, Inland Real Estate Corporation is required to deliver a new notice and commence a new negotiation period of two business days.

For the purposes of the merger agreement, "intervening event" means any material event, fact, circumstance, change, development or occurrence with respect to Inland Real Estate Corporation and its subsidiaries, taken as a whole, occurring, arising or that otherwise becomes known to the Inland Real Estate Corporation board of directors prior to obtaining approval from Inland Real Estate Corporation's stockholders of the merger and the other transactions contemplated by the merger agreement that was not known or reasonably foreseeable by the Inland Real Estate Corporation board of directors prior to the date of the merger agreement (or if known, the material consequences of which were not known or reasonably foreseeable by the Inland Real Estate Corporation board of directors prior to the date of the merger agreement); provided that in no event will any of the following constitute an intervening event: (1) the receipt, existence or terms of a Takeover Proposal; (2) changes in the market price or trading volume of Inland Real Estate Corporation common stock; or (3) the fact that Inland Real Estate Corporation meets or exceeds internal or published projections, forecasts or revenue or earnings predictions for any period.

Financing; Maintenance of Net Worth and Liquid Assets

Pursuant to the merger agreement, Parent has delivered a commitment letter from Wells Fargo Bank, N.A., which we refer to as Wells, to fund approximately $1 billion of the merger consideration, which we refer to as Debt Financing. Parent is required to use its best efforts to take all actions and to do all things necessary to consummate the Debt Financing and obtain the proceeds of the Debt Financing on the closing date. Moreover, if the Wells commitment letter in respect of the Debt Financing is terminated prior to the closing, Parent is required to use best efforts to obtain alternative debt or equity financing in an amount sufficient to consummate the merger. The obligations of the Parent Parties and Merger Sub to consummate the transactions contemplated by the merger agreement are not subject to any financing contingency.

In addition to the Debt Financing commitment that will be provided by Wells, at all times between December 14, 2015 and the earlier to occur of the effective time of the merger and the termination of the merger agreement, the Parent Parties will maintain an aggregate net worth and liquid assets of at least $850 million and $750 million, respectively, which we refer to as Minimum Net Worth and Liquid Assets, to fund the balance of the merger consideration. Parent is required to promptly notify Inland Real Estate Corporation in writing upon becoming aware that the aggregate net worth and/or liquid assets of the Parent Parties is reduced or would reasonably be expected to be reduced to an amount below the Minimum Net Worth and Liquid Assets. The Parent Parties will not take any action which would reasonably be expected to reduce its net worth or liquid assets below the Minimum Net Worth and Liquid Assets or otherwise materially delay or materially and adversely affect the Parent Parties' ability to pay the merger consideration or consummate the transactions contemplated by the merger agreement. For more information, see "The Merger Financing" above.

The Parent Parties may assign or delegate a portion of their respective rights, interests and obligations under the merger agreement to a newly-formed affiliate of Parent that is not a controlling affiliate of Parent prior to the closing provided that such entity agrees to be bound by the terms of the merger agreement as a "Parent Party," and provided further that the Minimum Net Worth and Liquid Assets tests would at all times continue to be satisfied. Inland Real Estate Corporation can object to and prevent any such assignment if such assignment either (i) would reasonably be expected to delay the closing or (ii) adversely impacts the maintenance by the Parent Parties of the Minimum Net Worth and Liquid Assets.

Pursuant to the merger agreement, Parent must maintain liquid assets of at least $125 million at all times between December 14, 2015 and the earlier to occur of the effective time of the merger and the termination of the merger agreement, or, if the merger agreement is terminated and the reverse termination fee is payable to Inland Real Estate Corporation (described under " Termination of the Merger Agreement Termination Fee Payable by Parent to Inland Real Estate Corporation"), until such reverse termination fee is actually paid to Inland Real Estate Corporation.

Proxy Statement; Stockholder Meeting

Inland Real Estate Corporation agreed to use commercially reasonable efforts to cause this proxy statement to be mailed to its common stockholders entitled to vote at its common stockholder meeting and to hold its stockholder meeting as soon as practicable after December 14, 2015. Inland Real Estate Corporation further agreed to include in the proxy statement its recommendation to its stockholders that they approve the merger and the other transactions contemplated by the merger agreement and to use commercially reasonable efforts to obtain such stockholder approval, except to the extent that the Inland Real Estate Corporation's board of directors shall have made an adverse recommendation change in accordance with the terms of the merger agreement.

Efforts to Complete Transactions; Consents

Both Inland Real Estate Corporation and the Parent Parties have agreed to use commercially reasonable efforts to take all actions and do all things necessary, proper or advisable under applicable laws or pursuant to any contract or agreement to consummate and make effective, as promptly as practicable, the merger, including obtaining all necessary actions or nonactions, waivers, consents and approvals from governmental authorities or other persons or entities in connection with the merger and the other transactions contemplated by the merger agreement and defending any lawsuits or other legal proceedings challenging the merger agreement or the merger or other transactions contemplated by the merger agreement.

Inland Real Estate Corporation and the Parent Parties have agreed to provide any necessary notices to third parties and to use commercially reasonable efforts to obtain any third-party consents that are necessary, proper or advisable to consummate the merger.

Access to Information; Confidentiality

Subject to certain limitations, the merger agreement requires Inland Real Estate Corporation to (i) provide to Parent, upon reasonable notice and during normal business hours, reasonable access to its properties, offices, books, contracts, commitments and records, and Inland Real Estate Corporation is required to furnish reasonably promptly to Parent all information concerning its business and properties as Parent may reasonably request, (ii) reasonably cooperate, at Parent's sole cost and expense, with Parent's lenders (including any reasonable restructuring request of Parent or Parent's lenders reasonably necessary to implement the Debt Financing) and (iii) permit such environmental inspections as Parent and Parent's lenders may reasonably request. Parent will have the right to contact or otherwise communicate with Inland Real Estate Corporation's lenders without the prior written consent of Inland Real Estate Corporation, and Inland Real Estate Corporation will not unreasonably withhold, condition or delay its consent to any reasonable request of Parent made to a senior executive officer of Inland Real Estate Corporation to contact or otherwise communicate with Inland Real Estate Corporation's anchor tenants.

The Parent Parties have agreed to hold, and to cause its representatives and affiliates to hold, any non-public information of Inland Real Estate Corporation in confidence to the extent required by the terms of its existing confidentiality agreements.

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Notification of Certain Matters; Transaction Litigation

Inland Real Estate Corporation and the Parent Parties have agreed to provide prompt notice to the other of any notice or other communication received from any governmental authority in connection with the merger agreement or the transactions contemplated by the merger agreement, including the merger, or from any person or entity alleging that its consent is or may be required in connection with any such transaction.

Inland Real Estate Corporation will control the defense or settlement of any actions, suits, claims, investigations or proceedings against Inland Real Estate Corporation or its officers or directors by any stockholder of Inland Real Estate Corporation arising out of or relating to the merger agreement. Subject to certain exceptions, Inland Real Estate Corporation may not settle any such actions, suits, claims, investigations or proceedings without the prior written consent of Parent (which will not be unreasonably withheld, conditioned or delayed).

Indemnification of Directors and Officers; Insurance

From and after the effective time of the merger, pursuant to the terms of the merger agreement, the surviving entity will provide exculpation, indemnification and advancement of expenses for the current and former officers, directors, partners, managers, members, trustees or agents of Inland Real Estate Corporation that is at least as favorable in scope and amount as the exculpation, indemnification and advancement of expenses provided in the organizational or governing documents of the company and its subsidiaries to such current and former officers, directors, partners, managers, members, trustees or agents of Inland Real Estate Corporation immediately prior to the effective time of the merger.

For a period of six years after the effective time of the merger, pursuant to the terms of the merger agreement and subject to certain limitations, the surviving entity will indemnify, defend and hold harmless among others, current and former officers, directors, partners, managers, members, trustees or agents of Inland Real Estate Corporation, for actions at or prior to the effective time of the merger, including with respect to the transactions contemplated by the merger agreement.

Prior to the effective time of the merger, Inland Real Estate Corporation has agreed to (or, if Inland Real Estate Corporation is unable to, Parent has agreed to cause the surviving entity in the merger to) obtain and pay for a non-cancelable extension of the coverage afforded by Inland Real Estate Corporation's existing directors' and officers' liability insurance policies and Inland Real Estate Corporation's existing fiduciary liability insurance policies covering at least six years after the effective time of the merger with respect to any claim related to any period of time at or prior to the effective time of the merger from one or more insurance carriers with terms and retentions that are no less favorable in the aggregate than the coverage provided under Inland Real Estate Corporation's existing policies.

If Inland Real Estate Corporation or the surviving entity does not obtain a "tail" policy as of the effective time of the merger, either the surviving entity will maintain in effect, for a period of at least six years after the effective time of the merger, Inland Real Estate Corporation's existing policies in effect on December 14, 2015 on terms and limits of liability that are no less favorable in the aggregate than the coverage provided on that date or Parent will provide, or cause the surviving entity to provide, for a period or at least six years after the effective time of the merger, the indemnitees who are insured under Inland Real Estate Corporation's existing policies with comparable directors' and officers' liability insurance that provides coverage for events occurring at or prior to the effective time of the merger that is no less favorable in the aggregate than Inland Real Estate Corporation's existing policies, or if substantially equivalent insurance coverage is unavailable, the best available coverage. Notwithstanding the foregoing, (i) neither Parent nor the surviving entity will be required to pay annual premiums in excess of 250% of the current annual premium paid by Inland Real Estate Corporation

for such insurance, and (ii) if the annual premiums exceed 250%, Parent or the surviving entity will be obligated to obtain a policy with the greatest coverage available for a cost not exceeding 250% of the current annual premium.

Public Announcements

The Parent Parties, Merger Sub and Inland Real Estate Corporation have agreed, subject to certain exceptions, to consult with, and obtain consent (not to be unreasonably withheld) from, each other before issuing any press release or otherwise making any public filings with respect to the merger agreement or any of the transactions contemplated by the merger agreement.

Other Covenants and Agreements

The merger agreement contains certain other covenants and agreements, including covenants related to:

- Parent providing for a period of one year following the effective time of the merger employees of Inland Real Estate Corporation and its subsidiaries who are employed immediately prior to the effective time of the merger who continue in the employ of Parent, the surviving entity or any of their respective affiliates on or after the effective time of the merger, compensation and employee benefits that are, in the aggregate, substantially comparable to those provided to such employees immediately before the effective time of the merger;

- the Parent Parties and Merger Sub taking all necessary actions to (i) cause Merger Sub to perform its obligations under the merger agreement and to consummate the merger and (ii) ensure that, prior to the effective time of the merger, Merger Sub does not conduct any business or make any investments or incur or guarantee any indebtedness other than as contemplated by the merger agreement;

- the Parent Parties and their subsidiaries voting all Inland Real Estate Corporation common stock they beneficially own as of the record date of the Inland Real Estate Corporation special meeting, if any, in favor of approval of the merger;

- Inland Real Estate Corporation's reasonable cooperation with Parent in (i) delivering to each of its lenders a notice prepared by Parent regarding the assumption, prepayment or defeasance of indebtedness or any modifications to any of Inland Real Estate Corporation's existing loan documents, and (ii) delivering tenant estoppel certificates prepared by Parent to certain of Inland Real Estate Corporation's tenants;

- Inland Real Estate Corporation taking all necessary or appropriate steps to ensure that any disposition of Inland Real Estate Corporation common stock (including derivative securities related to such stock) in connection with the merger and the other transactions contemplated by the merger agreement by certain individuals are exempted pursuant to Rule 16b-3 promulgated under the Exchange Act from giving rise to any liability under Section 16 of the Exchange Act; and

- certain tax matters.

Termination of the Merger Agreement

Termination by Mutual Agreement

The merger agreement may be terminated at any time before the effective time of the merger by the mutual written agreement of Parent and Inland Real Estate Corporation.

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Termination by Either Parent or Inland Real Estate Corporation

The merger agreement may be terminated prior to the effective time of the merger by either Parent or Inland Real Estate Corporation if:

- the merger has not been consummated on or before June 30, 2016 (provided that this termination right will not be available to a party if that party failed to fulfill its obligations under the merger agreement and that failure was a principle cause of, or resulted in, the failure of the merger to be consummated on or before such date);

- a governmental authority of competent jurisdiction has issued a final and non-appealable order permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by the merger agreement (provided that this termination right will not be available to a party if the issuance of such order was primarily due to the failure of such party to perform any of its obligations under the merger agreement); or

- Inland Real Estate Corporation stockholders failed to approve the merger and the other transactions contemplated by the merger agreement at a duly convened meeting.

Termination by Inland Real Estate Corporation

The merger agreement may also be terminated prior to the effective time of the merger by Inland Real Estate Corporation:

- if the Parent Parties or Merger Sub have breached or failed to perform any of their representations, warranties, covenants or agreements in the merger agreement that would result in a failure of Inland Real Estate Corporation's conditions to closing the merger related to the accuracy of the Parent Parties' and Merger Sub's representations and warranties or Parent's and Merger Sub's material performance of or compliance with all the agreements and covenants required under the merger agreement and such breach or failure either (i) cannot be cured by June 30, 2016 or (ii) if curable, has not been cured by Parent within 20 business days after receiving written notice of such breach or failure (provided that this termination right will not be available to Inland Real Estate Corporation if Inland Real Estate Corporation is then in breach of the merger agreement and such breach would result in the failure of Parent's conditions to closing the merger related to the accuracy of Inland Real Estate Corporation's representations and warranties or Inland Real Estate Corporation's material performance of or compliance with all the agreements and covenants required under the merger agreement);

- at any time prior to the approval of the merger and the other transactions contemplated by the merger agreement by the Inland Real Estate Corporation stockholders, in order to enter into a contract with respect to a Superior Proposal;

- if (i) all of the conditions to consummating the merger are satisfied or waived, (ii) Parent or Merger Sub fails to consummate the merger by the date that it is required to do so, (iii) Inland Real Estate Corporation delivers written notice to Parent certifying all the conditions to consummating the merger have been satisfied or waived and that Inland Real Estate Corporation stands ready, willing and able to effect the merger at such time, and (iv) Parent or Merger Sub fails to effect the merger by the second business day after delivery of such notice, which we refer to as a Closing Failure; or

- if the Parent Parties breach or fail to perform the representations and warranties or covenants relating to maintenance of net worth and liquid assets, and such breach or failure to perform cannot be cured on or before June 30, 2016 or, if curable, is not cured by the Parent Parties within 10 days of receipt of written notice, which we refer to as a Net Worth/Liquid Assets Termination.

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Termination by Parent

The merger agreement may also be terminated prior to the effective time of the merger by Parent if:

- Inland Real Estate Corporation has breached or failed to perform any of its representations, warranties, covenants or agreements in the merger agreement or fails to deliver to Parent at the closing of the merger the written opinion of Proskauer Rose LLP to the effect that Inland Real Estate Corporation has, since the taxable year ending on December 31, 1995, been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code, which we refer to as the "REIT Opinion, and such breach or failure would result in a failure of Parent's condition to closing the merger related to the accuracy of Inland Real Estate Corporation's representations and warranties or Inland Real Estate Corporation's material performance of or compliance with all the agreements and covenants required under the merger agreement and such breach either cannot be cured by June 30, 2016 or, if curable, has not been cured by Inland Real Estate Corporation within 20 business days after receiving written notice of such breach or failure (provided that this termination right will not be available to Parent if the Parent Parties or Merger Sub are then in breach of the merger agreement and such breach would result in the failure of Inland Real Estate Corporation's conditions to closing the merger related to the accuracy of the Parent Parties' and Merger Sub's representations and warranties or the Parent Parties' and Merger Sub's material performance of or compliance with all the agreements and covenants required under the merger agreement); or

- prior to receipt of Inland Real Estate Corporation's stockholder approval of the merger and the other transactions contemplated by the merger agreement, (i) the Inland Real Estate Corporation board of directors makes an adverse recommendation change (provided that Parent's right to terminate the merger agreement in connection with an adverse recommendation change expires at 5:00 p.m. (New York City time) on the 10th business day following the date that Parent receives notice of such adverse recommendation change).

Termination Fees and Expenses Payable by Inland Real Estate Corporation to Parent

Inland Real Estate Corporation has agreed to pay Parent a termination fee of $30 million if:

- all of the following events have occurred:

  - either (i) the merger agreement is terminated by either Inland Real Estate Corporation or Parent because the Inland Real Estate Corporation stockholders fail to approve the merger and the other transactions contemplated by the merger agreement at a duly convened meeting or (ii) the merger agreement is terminated by Parent due to Inland Real Estate Corporation breaching any of its representations, warranties, covenants or agreements in the merger agreement, and such breach or failure results in a failure of Parent's conditions to closing the merger related to the accuracy of Inland Real Estate Corporation's representations and warranties or Inland Real Estate Corporation's material performance of or compliance with its obligations under the merger agreement and such breach either (x) cannot be cured by June 30, 2016 or (y) if curable, has not been cured by Inland Real Estate Corporation within 20 business days after receiving written notice of such breach or failure; and

  - Inland Real Estate Corporation receives a Takeover Proposal (provided that the references to "20%" in the definition of "Takeover Proposal" will be replaced with "50%" for purposes of determining whether a termination fee is due and payable) after the date the merger agreement has been publicly announced and not withdrawn; and

within 12 months after such termination, Inland Real Estate Corporation consummates a transaction regarding, or enters into a definitive agreement which is later consummated with respect to, the Takeover Proposal previously received by Inland Real Estate Corporation described in the immediately preceding bullet; or

- the merger agreement is terminated by Inland Real Estate Corporation in order to enter into an alternative acquisition agreement with respect to a Superior Proposal; or

- the merger agreement is terminated by Parent due to Inland Real Estate Corporation's board of directors making an adverse recommendation change.

Inland Real Estate Corporation has also agreed to reimburse Parent for its actual reasonable out-of-pocket expenses up to a maximum amount of $5 million if (i) Parent or Inland Real Estate Corporation terminates the merger agreement due to the failure of Inland Real Estate Corporation's stockholders to approve the merger and the other transactions contemplated by the merger agreement; (ii) Inland Real Estate Corporation terminates the merger agreement in order to enter into an alternative acquisition agreement with respect to a Superior Proposal; (iii) Parent terminates the merger agreement due to Inland Real Estate Corporation's board of directors making an adverse recommendation change; or (iv) Parent terminates the merger agreement and a termination fee is payable by Inland Real Estate Corporation to Parent pursuant to the first bullet above, or due to Inland Real Estate Corporation's failure to deliver the REIT Opinion.

Termination Fee Payable by Parent to Inland Real Estate Corporation

Inland Real Estate Corporation may, at its option, (i) seek specific performance of the Parent Parties' and Merger Sub's obligations to consummate the merger or (ii) terminate the merger agreement and require Parent to pay $100 million as a reverse termination fee to Inland Real Estate Corporation if Inland Real Estate Corporation is entitled to terminate the merger agreement due to:

- a Closing Failure; or

- a Net Worth/Liquid Assets Termination.

Certain Miscellaneous Provisions

Equitable Relief

The parties to the merger agreement are entitled to injunctions, specific performance and other equitable relief to prevent breaches of the merger agreement and to enforce specifically the terms and provisions of the merger agreement in addition to any and all other remedies at law or in equity.

Amendment

The parties to the merger agreement may amend the merger agreement by mutual agreement by action taken or authorized by their respective boards of directors at any time before or after stockholder approval is obtained and prior to the effective time of the merger, provided that, after approval of the merger and the other transactions contemplated by the merger agreement by Inland Real Estate Corporation's stockholders no amendment may be made which changes the form or amount of the consideration to be delivered to the holders of Inland Real Estate Corporation common stock or which by law or in accordance with the rules of any stock exchange requires further approval by Inland Real Estate Corporation's stockholders, without the approval of such stockholders.

Waiver

Prior to the effective time of the merger, Parent or Inland Real Estate Corporation may extend the time for performance of any obligation of the other or waive any inaccuracy in the representations

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and warranties of the other or the other party's compliance with any agreement or condition contained in the merger agreement to the extent permitted by law.

Governing Law

The merger agreement is governed by the laws of the State of Maryland (without giving effect to choice of law principles thereof).

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VOTING AGREEMENT

Concurrently with the execution of the merger agreement on December 14, 2015 and as contemplated by the merger agreement, Daniel L. Goodwin entered into a voting agreement with Parent Parties with respect to the company's common stock. Subsequently, certain affiliates of Mr. Goodwin, namely The Inland Group, Inc. and its indirect wholly owned subsidiaries, IMIC Stock Holding Corporation, Eagle I Financial Corp., Inland Investment Stock Holding Corporation and Partnership Ownership Corporation delivered to Parent the voting agreement executed by each of them. Pursuant to the voting agreement, Mr. Goodwin and the other parties to the voting agreement agreed to vote all of the shares of the company's common stock beneficially owned by them in favor of approval of the merger and the other transactions contemplated by the merger agreement. Mr. Goodwin and the other parties to the voting agreement also agreed to vote against certain actions or proposals that would reasonably be expected to impede, impair or materially interfere with, delay or postpone the consummation of the merger or any other transaction contemplated by the merger agreement. The voting agreement also restricts the ability of Mr. Goodwin and the other parties to the voting agreement to sell, transfer, pledge, encumber, dispose of or enter into any contract or other arrangement with respect to the transfer of their shares of the company's common stock, subject to certain exceptions.

Approximately 11,819,361 shares beneficially owned by Mr. Goodwin and the other parties to the voting agreement, or approximately [•]% of the company's common stock outstanding as of the record date, are subject to the voting agreement. Mr. Goodwin is one of our directors and engages, through his affiliates, in certain business activities with the company.

The voting agreement will terminate upon the earliest to occur of the effective time or the date of termination of the merger agreement in accordance with its terms.

The preceding summary of the voting agreement is subject to, and qualified in its entirety by reference to the full text of the voting agreement, attached hereto as Annex B.

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MARKET PRICE OF OUR COMMON STOCK

Our common stock has been listed on the NYSE under the symbol "IRC" since June 9, 2004. On [•], 2016, there were approximately [•] holders of record. Certain shares of our common stock are held in "street" name and accordingly, the number of beneficial owners of such shares is not known or included in the foregoing number. The following table sets forth, for the periods indicated, the high and low prices on the NYSE for our common stock and the dividends we declared per share of common stock with respect to the periods indicated.

Year	Range High	Range Low	Cash Dividend per Share
Fiscal Year Ended December 31, 2013			
First Quarter	$ 10.10	$ 8.43	$ 0.0475
Second Quarter	$ 12.05	$ 9.17	$ 0.0475
Third Quarter	$ 10.80	$ 9.51	$ 0.0475
Fourth Quarter	$ 11.08	$ 9.98	$ 0.0475
Fiscal Year Ended December 31, 2014			
First Quarter	$ 10.99	$ 10.09	$ 0.0475
Second Quarter	$ 10.83	$ 10.24	$ 0.0475
Third Quarter	$ 10.79	$ 9.85	$ 0.0475
Fourth Quarter	$ 11.28	$ 9.85	$ 0.0475
Fiscal Year Ending December 31, 2015			
First Quarter	$ 11.73	$ 10.11	$ 0.0475
Second Quarter	$ 10.92	$ 9.37	$ 0.0475
Third Quarter	$ 10.11	$ 7.97	$ 0.0475
Fourth Quarter	$ 10.90	$ 7.96	$ 0.0475
Fiscal Year Ending December 31, 2016			
First Quarter (through [•], 2016)	$ [•]	$ [•]	$ 0.0475

On December 14, 2015, the last trading day prior to the date of the public announcement of the merger agreement, the reported closing price per share for our common stock on the NYSE was $9.94. On [•], 2016, the last trading day before the date of this proxy statement, the reported closing price per share for our common stock on the NYSE was $[•]. You are encouraged to obtain current market quotations for our common stock.

Under the merger agreement, the declaration and payment of regular monthly dividends for full monthly periods in accordance with past practice is permitted provided that the record date with respect to any such regular monthly dividends shall be set as the first business day of the applicable month. However, with respect to any period in which the closing date occurs which is less than a full month, the declaration and payment of dividends is not permitted under the merger agreement.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows the number of shares of common stock beneficially owned by: (1) persons (including any "groups" as that term is used in Section 13(d)(3) of the Exchange Act) who are known to us to beneficially own more than 5% of the outstanding shares of our common stock; (2) our directors; (3) the named executive officers; and (4) the directors and executive officers as a group. Except as otherwise indicated, all information is as of the record date. For purposes of the table below, "beneficial ownership" is determined in accordance with Rule 13d-3 under the Exchange Act, pursuant to which a person or group of persons is deemed to have "beneficial ownership" of any shares that the person has the right to acquire within 60 days after January 27, 2016. For purposes of computing the percentage of outstanding common stock held by each person or group of persons named below, any shares that the person or persons has the right to acquire within 60 days after the record date are deemed to be outstanding but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. As of January 27, 2016, there were 100,597,813 shares of common stock outstanding.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class
The Vanguard Group, Inc.[1]	13,123,783	13.0%
Daniel L. Goodwin[2][3][4][5]	11,819,361[6]	11.7%
The Inland Group, Inc.[4][5][7]	11,816,361[6]	11.7%
DRA Growth and Income Fund VIII, LLC[8]	11,819,361	11.7%
DRA Growth and Income Fund VIII (A), LLC[8]	11,819,361	11.7%
Manageco VIII LLC[8]	11,819,361	11.7%
BlackRock, Inc.[9]	10,254,743	10.2%
Inland Real Estate Investment Corporation[4][10]	7,349,228[6]	7.3%
Inland Investment Stock Holding Corporation[4][5][11]	7,212,118[6]	7.2%
Vanguard Specialized Funds Vanguard REIT Index Fund[12]	6,684,161	6.6%
Inland Investment Advisors, Inc.[4][5][13]	4,643,758	4.6%
Mark E. Zalatoris[2][14][15]	182,838	*
Brett A. Brown[14][16]	89,922	*
D. Scott Carr[14][17]	87,998	*
William W. Anderson[14][18]	59,945	*
Joel D. Simmons[2][19]	60,187	*
Beth Sprecher Brooks[12][20]	53,155	*
Heidi N. Lawton[2][21]	46,142	*
Thomas H. McAuley[2][22]	45,895	*
Thomas P. D'Arcy[2][23]	40,995	*
Joel G. Herter[2][24]	42,570	*
Thomas R. McWilliams[2][25]	32,895	*
Meredith Wise Mendes[2][26]	11,428	*
All Executive Officers and Directors as a Group	12,573,331	12.5%

* Less than 1%.

(1) The business address for The Vanguard Group, Inc. is 100 Vanguard Blvd., Malvern, Pennsylvania 19355. The Vanguard Group has sole voting power over 241,832 shares and shared voting power over 75,000 shares and shared dispositive power over 199,732 shares and sole dispositive power over 12,924,051 shares, with an aggregate beneficial ownership amount of 13,123,783 shares. The information contained herein respecting The Vanguard

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Group, Inc. is based solely on Amendment No. 10 to the Schedule 13G filed by The Vanguard Group with the SEC on February 10, 2015.

(2)

Director.

(3)

The business address for Mr. Goodwin is c/o Inland Real Estate Corporation, 814 Commerce Drive, Suite 300, Oak Brook, Illinois 60523. Mr. Goodwin has sole voting power over 2,588,117 shares, shared voting power over 9,228,244 shares, sole dispositive power over 3,000 shares, and shared dispositive power over 11,816,361 shares. Mr. Goodwin's beneficial ownership includes 3,000 shares underlying an option presently exercisable and 12,228 unvested shares of restricted common stock. In addition to his shares of common stock, Mr. Goodwin also has sole voting power over 40,000 shares of Series A preferred stock and shared voting power over 4,000 shares of Series A preferred stock. As of January 27, 2016, 4,400,000 shares of Series A preferred stock were issued and outstanding. Voting rights for holders of Series A preferred stock exist primarily with respect to the ability to elect two additional directors to the board if 18 or more monthly dividends (whether or not consecutive) payable on the Series A preferred stock are in arrears, and with respect to voting on amendments to the company's charter that materially and adversely affect the rights of the Series A preferred stock or create additional classes or series of shares of the company's capital stock that are senior to the Series A preferred stock. Other than the limited circumstances described above, holders of Series A preferred stock do not have any voting rights. As of January 27, 2016, no dividends on the Series A preferred stock were in arrears.

(4)

Mr. Goodwin is the controlling shareholder of The Inland Group, Inc. and beneficially owns all the shares of common stock beneficially owned by The Inland Group, Inc. The shares of common stock beneficially owned by The Inland Group, Inc. include (a) shares directly owned by Inland Investment Stock Holding Corporation and other indirect wholly owned subsidiaries of The Inland Group, Inc. and (b) shares beneficially owned by Inland Investment Advisors, Inc., an indirect wholly owned subsidiary of The Inland Group, Inc., through its management of the discretionary accounts of clients (including Mr. Goodwin, The Inland Group, Inc., Inland Real Estate Investment Corporation and another indirect wholly owned subsidiary of The Inland Group, Inc.) that own shares of common stock. Certain of the indirect wholly owned subsidiaries of The Inland Group, Inc., including Inland Investment Stock Holding Corporation, are wholly owned subsidiaries of Inland Real Estate Investment Corporation, which itself is an indirect wholly owned subsidiary of The Inland Group, Inc.

(5)

Mr. Goodwin directly holds 2,588,117 shares of common stock and directly controls, through discretionary accounts of the clients of Inland Investment Advisors, Inc. that own shares of common stock, 1,632,907 shares of common stock. The Inland Group, Inc. directly holds 9,091 shares of common stock, and certain indirect wholly owned subsidiaries The Inland Group, Inc. directly hold shares of common stock as follows: (i) IMIC Stock Holding Corporation directly holds 240,018 shares of common stock; (ii) Partnership Ownership Corporation directly holds 137,110 shares of common stock; and (iii) Inland Investment Stock Holding Corporation directly holds 7,212,118 shares of common stock. These persons have entered into a voting agreement in respect of these 11,819,361 aggregate shares of common stock in connection with the merger and merger agreement. See "Voting Agreement."

(6)

As of January 27, 2016, 2,048,357 of the shares reported in the table as beneficially owned by Mr. Goodwin, The Inland Group, Inc. and Inland Real Estate Investment Corporation were pledged as security in a brokerage margin account, and 7,212,118 shares owned directly by Inland Investment Stock Holding Corporation and 137,110

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shares owned directly by another indirect wholly owned subsidiary of The Inland Group, Inc., Partnership Ownership Corporation, were pledged as security to banks for a secured revolving credit facility extended to Inland Real Estate Investment Corporation. Mr. Goodwin is neither a party to the agreement governing the credit facility nor has he directly received any proceeds from that facility.

(7)
The business address for The Inland Group, Inc. is 2901 Butterfield Road, Oak Brook, Illinois 60523. The Inland Group, Inc. shares voting power over 9,231,245 shares of common stock and shares dispositive power over all of the shares that it beneficially owns.

(8)
The business address for DRA Growth and Income Fund VIII, LLC, DRA Growth and Income Fund VIII (A), LLC and Manageco VIII LLC is 220 East 42nd Street (27th Floor), New York, New York 10017. Manageco VIII LLC is the Manager of DRA Growth and Income Fund VIII, LLC and DRA Growth and Income Fund VIII (A), LLC, which we also refer to as the Parent Parties. Due to the voting agreement among Daniel Goodwin and certain of his affiliates and the Parent Parties, each of the Parent Parties and Manageco VIII LLC may be deemed to share voting and dispositive power over the 11,819,361 shares of common stock subject to the terms of the voting agreement. See "Voting Agreement." Each of Manageco VIII LLC, DRA Growth and Income Fund VIII, LLC and DRA Growth and Income Fund VIII (A), LLC disclaims beneficial ownership of such shares.

(9)
The business address for BlackRock, Inc. is 40 East 52nd Street, New York, New York 10022. BlackRock, Inc. has sole voting power over 10,013,893 shares and sole dispositive power over 10,254,743 shares. The information contained herein respecting BlackRock, Inc. is based solely on Amendment No. 7 to the Schedule 13G filed by BlackRock, Inc. with the SEC on January 8, 2016.

(10)
The business address for Inland Real Estate Investment Corporation is 2901 Butterfield Road, Oak Brook, Illinois 60523. Inland Real Estate Investment Corporation shares voting power over 7,349,228 shares and shares dispositive power over all of the shares that it beneficially owns.

(11)
The business address for Inland Investment Stock Holding Corporation is 701 North Green Valley Parkway, Henderson, Nevada 89074. Inland Investment Stock Holding Corporation shares voting and dispositive power over all of the shares that it beneficially owns.

(12)
The business address for Vanguard Specialized Funds Vanguard REIT Index Fund is 100 Vanguard Blvd., Malvern, Pennsylvania 19355. The Vanguard Group has sole voting power over all of the shares that it beneficially owns. The information contained herein respecting Vanguard Specialized Funds Vanguard REIT Index Fund is based solely on Amendment No. 4 to the Schedule 13G filed by Vanguard Specialized Funds Vanguard REIT Index Fund with the SEC on February 6, 2015.

(13)
The business address for Inland Investment Advisors, Inc. is 2901 Butterfield Road, Oak Brook, Illinois 60523. Inland Real Estate Investment Corporation shares voting power over 7,349,228 shares and shares dispositive power over all of the shares that it beneficially owns. Inland Investment Advisors, Inc. makes decisions as to dispositions of shares of common stock held in the discretionary accounts of the clients of Inland Investment Advisors, Inc. that own shares of common stock by means of a committee composed of three of the directors of Inland Investment Advisors, Inc. Of these directors, only Mr. Goodwin has the ability to direct the disposition of the shares of common stock beneficially owned by Inland Investment Advisors, Inc.

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(14) Executive Officer.

(15) Mr. Zalatoris has sole voting and investment power over 70,268 shares and shared voting and investment power over 105,732 shares. Mr. Zalatoris's beneficial ownership includes 6,838 shares underlying an option presently exercisable and 50,423 unvested shares of restricted common stock. Mr. Zalatoris and his wife's beneficial ownership includes 2,100 shares and 1,700 shares directly owned by the Joanne Zalatoris Trust and the Scott Zalatoris Trust, respectively.

(16) Mr. Brown has sole voting and investment power over 34,834 shares. Mr. Brown also has shared voting and investment power with his wife over 52,461 shares, all of which have been pledged as security for a margin account. Mr. Brown's beneficial ownership includes 2,627 shares underlying an option presently exercisable and 34,834 unvested shares of restricted common stock.

(17) Mr. Carr has sole voting and investment power over 45,723 shares and shared voting and investment power with his wife over 41,523 shares. Mr. Carr's beneficial ownership includes 752 shares underlying an option presently exercisable and 33,645 unvested shares of restricted common stock.

(18) Mr. Anderson has sole voting and investment power over 30,542 shares and shared voting and investment power with his wife over 27,235 shares. Mr. Anderson's beneficial ownership includes 2,168 shares underlying an option presently exercisable and 22,319 unvested shares of restricted common stock.

(19) Mr. Simmons has sole voting and investment power over all of the shares that he beneficially owns. Mr. Simmons' beneficial ownership includes 3,000 shares underlying options presently exercisable and 12,228 unvested shares of restricted common stock.

(20) Ms. Sprecher Brooks has sole voting and investment power over all the shares that she beneficially owns. Ms. Sprecher Brooks' beneficial ownership includes 2,215 shares underlying an option presently exercisable and 22,749 unvested shares of restricted common stock.

(21) Ms. Lawton has sole voting and investment power over all of the shares she beneficially owns. Ms. Lawton's beneficial ownership includes 7,000 shares underlying options presently exercisable and 12,228 unvested shares of restricted common stock.

(22) Mr. McAuley has sole voting and investment power over all of the shares that he beneficially owns. Mr. McAuley's beneficial ownership includes 3,000 shares underlying options exercisable and 12,228 unvested shares of restricted common stock.

(23) Mr. D'Arcy has sole voting and investment power over all of the shares that he beneficially owns. Mr. D'Arcy's beneficial ownership includes 7,000 shares underlying options presently exercisable and 12,228 unvested shares of restricted common stock.

(24) Mr. Herter has sole voting and investment power over 12,286 shares and shared voting and investment power with his wife over 19,935 shares. Mr. Herter's beneficial ownership includes 3,000 shares underlying options presently exercisable and 12,228 unvested shares of restricted common stock.

(25) Mr. McWilliams has sole voting and investment power over all of the shares that he beneficially owns. Mr. McWilliams' beneficial ownership includes 7,000 shares underlying options presently exercisable and 12,228 unvested shares of restricted common stock.

(26) Ms. Mendes has sole voting and investment power over all of the shares that she beneficially owns. Ms. Mendes' beneficial ownership includes 9,735 unvested shares of restricted common stock.

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NO DISSENTERS' RIGHTS OF APPRAISAL

We are organized as a corporation under Maryland law. Under the Maryland general corporation law, because our common stock was listed on the NYSE on the record date for determining stockholders entitled to vote at the special meeting, our common stockholders who object to the merger do not have any appraisal rights, dissenters' rights or similar rights of an objecting stockholder in connection with the merger. However, our common stockholders can vote against the merger and the other transactions contemplated by the merger agreement. Under the Maryland general corporation law, the holders of our preferred stock do not have any appraisal rights, dissenters' rights or similar rights of an objecting stockholder in connection with the merger.

SUBMISSION OF STOCKHOLDER PROPOSALS

We intend to hold an annual meeting of stockholders in 2016 only if the merger is not completed. If we hold such an annual meeting, in order to be eligible for inclusion in our proxy materials for such annual meeting, written notice of any stockholder proposal was required to have been received by us no later than January 14, 2016 in order to be included in our proxy statement and form of proxy relating to that meeting. These proposals must comply with the requirements established by the SEC for stockholder proposals and the requirements contained in our bylaws in order to be included in the proxy statement. We did not receive any such proposals prior to January 14, 2016. A stockholder who wishes to make a nomination or proposal at the 2016 annual meeting without including the proposal in our proxy statement and form of proxy relating to that meeting was required, in accordance with our current bylaws, to notify us no later than 5:00 p.m. Central Time, on January 14, 2016, unless the meeting is advanced or delayed by more than 30 days from June 30, 2016, in which case the stockholders must notify us no earlier than the 150th day prior to the date of the meeting and no later than 5:00 p.m. Central Time, on the later of the 120th day prior to the date of the meeting or the tenth day following the day on which public announcement of the date of the meeting is first made. We did not receive any such notice prior to January 14, 2016. If the stockholder fails to give timely notice as required by our bylaws, the nominee or proposal will be excluded from consideration at the meeting. In addition, our bylaws include other requirements for nomination of candidates for director and proposals of other business with which a stockholder must comply to make a nomination or business proposal.

STOCKHOLDERS SHARING THE SAME ADDRESS

The rules promulgated by the SEC permit companies, brokers, banks or other intermediaries to deliver a single copy of a proxy statement and annual report to households at which two or more stockholders reside. This practice, known as "householding," is designed to reduce duplicate mailings and save significant printing and postage costs as well as natural resources. Stockholders sharing an address who have been previously notified by their broker, bank or other intermediary and have consented to householding will receive only one copy of this proxy statement. If you would like to opt out of this practice for future mailings and receive separate proxy statements for each stockholder sharing the same address, please contact your broker, bank or other intermediary. You may also obtain a separate proxy statement without charge by sending a written request to Inland Real Estate Corporation, 814 Commerce Drive, Suite 300, Oak Brook, Illinois 60523, Attention: Secretary or by telephone at (888) 331-4732. We will promptly send additional copies of the proxy statement upon receipt of such request. Stockholders sharing an address that are receiving multiple copies of this proxy statement can request delivery of a single copy of any future proxy statements by contacting their broker, bank or other intermediary or sending a written request to Inland Real Estate Corporation at the address above.

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OTHER MATTERS

Our board of directors does not know of any matter to be presented at the special meeting which is not listed on the notice of special meeting and discussed above.

WHERE YOU CAN FIND MORE INFORMATION

We file certain reports and information with the SEC under the Exchange Act, including annual, quarterly and current reports and proxy statements. You may obtain copies of this information in person or by mail from the public reference room at the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference room by calling the SEC at (800) SEC-0330. The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers like us, which file electronically with the SEC. The address of that site is http:/ /www.sec.gov. The information contained on the SEC's website is expressly not incorporated by reference into this proxy statement. Our public filings are also available on our website at www.inlandrealestate.com. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this proxy statement or any other report or document we file with or furnish to the SEC.

Any person, including any beneficial owner to whom this proxy statement is delivered, may request copies of reports, proxy statements or other information concerning us, without charge, by written or telephonic request directed to us at Inland Real Estate Corporation, 814 Commerce Drive, Suite 300, Oak Brook, Illinois 60523, Attention: Secretary or by telephone at (888) 331-4732. If you would like to request documents, please do so at least five business days prior to the special meeting, in order to receive them before the special meeting.

No persons have been authorized to give any information or to make any representations other than those contained in this proxy statement and, if given or made, such information or representations must not be relied upon as having been authorized by us or any other person. This proxy statement is dated [•], 2016. You should not assume that the information contained in this proxy statement is accurate as of any date other than that date, and the mailing of this proxy statement to stockholders will not create any implication to the contrary.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN OR INCORPORATED BY REFERENCE IN THIS PROXY STATEMENT TO VOTE YOUR SHARES OF COMMON STOCK AT THE SPECIAL MEETING. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT FROM, OR IN ADDITION TO, WHAT IS CONTAINED IN THIS PROXY STATEMENT. THIS PROXY STATEMENT IS DATED [•], 2016. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS PROXY STATEMENT IS ACCURATE AS OF ANY DATE OTHER THAN THAT DATE, UNLESS THE INFORMATION SPECIFICALLY INDICATES THAT ANOTHER DATE APPLIES, AND THE MAILING OF THIS PROXY STATEMENT TO COMPANY STOCKHOLDERS DOES NOT CREATE ANY IMPLICATION TO THE CONTRARY.

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Annex A

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

By and Among

INLAND REAL ESTATE CORPORATION,

DRA GROWTH AND INCOME FUND VIII, LLC,

DRA GROWTH AND INCOME FUND VIII (A), LLC

AND

MIDWEST RETAIL ACQUISITION CORP.

Dated as of December 14, 2015

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "*Agreement*"), dated as of December 14, 2015, is by and among Inland Real Estate Corporation, a Maryland corporation (the "*Company*"), DRA Growth and Income Fund VIII, LLC, a Delaware limited liability company ("*Parent*"), DRA Growth and Income Fund VIII (A), LLC, a Delaware limited liability company ("*Fund VIIIA*" and together with Parent, the "*Parent Parties*"), and Midwest Retail Acquisition Corp., a Maryland corporation and an indirect wholly owned subsidiary of the Parent Parties ("*Merger Sub*").

W I T N E S S E T H:

WHEREAS, the parties hereto wish to effect a business combination transaction in which Merger Sub will be merged with and into the Company with the Company being the surviving entity (the "*Merger*"), and each outstanding share of common stock, $0.01 par value per share (the "*Company Common Stock*"), of the Company, will be converted into the right to receive the Merger Consideration (as defined herein), upon the terms and subject to the conditions set forth in this Agreement and in accordance with the MGCL;

WHEREAS, the respective boards of directors or managers, as applicable, of the Company and the Parent Parties have approved this Agreement, the Merger and the other transactions contemplated by this Agreement and declared that this Agreement, the Merger and the other transactions contemplated by this Agreement are advisable;

WHEREAS, the board of directors of the Company has directed that the Merger and the other transactions contemplated by this Agreement be submitted for consideration at a meeting of the Company's stockholders and has resolved to recommend that the Company's stockholders vote to approve the Merger and the other transactions contemplated by this Agreement;

WHEREAS, the stockholders and the board of directors of Merger Sub have taken all actions required for the execution of this Agreement by Merger Sub and to adopt and approve this Agreement and to approve the consummation by Merger Sub of the Merger and the other transactions contemplated by this Agreement;

WHEREAS, simultaneously with the execution and delivery of this Agreement, certain stockholders of the Company have executed and delivered to Parent a Voting Agreement pursuant to which each such stockholder has agreed to vote to approve the Merger and the other transactions contemplated by this Agreement; and

WHEREAS, each of the Company, the Parent Parties and Merger Sub desire to make certain representations, warranties, covenants and agreements in connection with the Merger, and also to prescribe various conditions to the Merger.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties and covenants and subject to the conditions herein contained, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 *Definitions*.

(a) For purposes of this Agreement:

"*Acceptable Confidentiality Agreement*" shall mean a confidentiality agreement that contains provisions as to the treatment of confidential information that are no less favorable in the

aggregate to the Company than those contained in the Confidentiality Agreement (except for such changes necessary for the Company to comply with its obligations under this Agreement).

"*Action*" shall mean any claim, action, suit, proceeding, arbitration, mediation or other investigation.

"*Affiliate*" of a specified Person shall mean a Person who, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person.

"*Anchor Tenant*" shall mean the tenants of the Company and the Company Subsidiaries identified as "Anchor Tenants" on *Section 4.16(a)* of the Company Disclosure Letter.

"*Business Day*" shall mean any day other than a Saturday, a Sunday or a day on which all banking institutions in New York, New York are authorized or obligated by Law or executive order to close.

"*Code*" shall mean the United States Internal Revenue Code of 1986, as amended.

"*Company Benefit Plan*" shall mean each "employee benefit plan" (within the meaning of Section 3(3) of ERISA) and each employment, consulting, termination, severance, change in control, separation, retention stock option, restricted stock, profits interest, stock purchase, deferred compensation, bonus, incentive compensation, fringe benefit, health, medical, dental, disability, accident, life insurance, welfare benefit, cafeteria, vacation, paid time off, perquisite, retirement, pension, or savings or any other compensation or employee benefit plan, agreement, program, policy or other arrangement, whether or not subject to ERISA, in each case sponsored, maintained or contributed to, or required to be maintained or contributed to, by the Company, any Company Subsidiary or any ERISA Affiliate or with respect to which the Company or any Company Subsidiary or any ERISA Affiliate has any obligation or liability.

"*Company Board*" means the Company's board of directors.

"*Company Bylaws*" shall mean the Amended and Restated Bylaws of the Company effective April 16, 2015, as amended through the date hereof.

"*Company Charter*" shall mean, collectively, the Fifth Articles of Amendment and Restatement of the Company dated August 2, 2013 and the Articles Supplementary Establishing and Fixing the Rights and Preferences of 6.95% Series B Cumulative Redeemable Preferred Stock, $0.01 par value per share, dated October 13, 2014, as amended through the date hereof.

"*Company Employee*" shall mean each employee of the Company and/or any Company Subsidiary as of the date hereof.

"*Company Material Adverse Effect*" shall mean any event, circumstance, change or effect (a) that, individually or when aggregated with other events, circumstances, changes or effects, is or would reasonably be expected to be material and adverse to the business, assets, financial condition or results of operations of the Company and the Company Subsidiaries, taken as a whole or (b) that will, or would reasonably be expected to, prevent or materially impair the ability of the Company to consummate the Merger before the Outside Date; *provided*, *however*, that "Company Material Adverse Effect" shall not include any event, circumstance, change or effect to the extent arising out of or resulting from (i) any failure of the Company to meet any projections or forecasts or any decrease in the market price of the Company Common Stock (it being understood and agreed that any event, circumstance, change or effect giving rise to such failure or decrease shall be taken into account in determining whether there has been a Company Material Adverse Effect), (ii) any events, circumstances, changes

or effects that affect the commercial real estate industry generally, (iii) any changes in the United States or global economy or capital, financial or securities markets generally, including changes in interest or exchange rates, (iv) any changes in legal or regulatory conditions, (v) the commencement, escalation or worsening of a war or armed hostilities or the occurrence of acts of terrorism or sabotage, (vi) the negotiation, execution or announcement of this Agreement, or the consummation or anticipation of the Merger or other transactions contemplated hereby, (vii) the taking of any action required or expressly permitted by, or the failure to take any action prohibited by, this Agreement, or any action taken, or not taken, with the consent, waiver or at the request of the Parent Parties in writing, (viii) fires, earthquakes, tornadoes, hurricanes, floods or other natural disasters, (ix) any damage or destruction of any Company Property that is substantially covered by insurance (provided that any resulting loss in coverage or premium increases shall be taken into account in determining whether there has been a Company Material Adverse Effect), (x) any Action brought or threatened by or on behalf of any holder of equity interests in the Company arising out of or relating to the Merger or other transactions contemplated by this Agreement, (xi) changes in Law or GAAP, (xii) the identity of the parties hereto or any of their respective Affiliates, Representatives or financing sources, or the pendency or contemplated consummation of the transactions contemplated by this Agreement, including any actual or potential loss or impairment after the date hereof of any Contract or any customer, supplier, partner, employee or other business relation due to any of the foregoing in this clause (xii), and/or (xiii) any actions taken by the Parent Parties, their Affiliates or any of their respective representatives or financing sources after the date hereof (provided that any other events, circumstances, changes or effects contributing to a Company Material Adverse Effect that are not a result of any such action shall be taken into account in determining whether there has been a Company Material Adverse Effect to the extent not covered by any of the foregoing clauses (i) through (xii)), which in the case of each of clauses (ii), (iii), (iv), (v) and (xi) do not disproportionately affect the Company and the Company Subsidiaries, taken as a whole, relative to other similarly situated participants in the commercial real estate industry in the United States, and in the case of clause (viii) do not disproportionately affect the Company and the Company Subsidiaries, taken as a whole, relative to other participants in the commercial real estate industry in the geographic regions in which the Company and the Company Subsidiaries operate or own or lease properties; *provided*, that the exceptions in clauses (vi), (vii) and (xii) shall not apply to "Company Material Adverse Effect" as used in *Section 4.5* and *Section 7.2(a)* (but only with respect to *Section 4.5(a)*).

"*Company Option*" shall mean any outstanding option to purchase shares of Company Common Stock under the Company Stock Plans or otherwise.

"*Company Restricted Stock*" shall mean any shares of Company Common Stock that were granted pursuant to the Company Stock Plans and are subject to restrictions on transfer and/or forfeiture.

"*Company Series A Preferred Stock*" means the 8.125% Series A cumulative redeemable preferred stock, $0.01 par value per share, of the Company.

"*Company Series B Preferred Stock*" means the 6.95% Series B cumulative redeemable preferred stock, $0.01 par value per share, of the Company.

"*Company Stock Plan*" shall mean the Company's 2014 Equity Award Plan, 2005 Equity Award Plan, Distribution Reinvestment Plan and Independent Director Stock Option Plan.

"*Company Stockholder Approval*" means the affirmative vote of the holders of not less than a majority of the outstanding shares of Company Common Stock entitled to vote thereon.

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"*Company Stockholder Meeting*" shall mean the meeting of the holders of shares of Company Common Stock for the purpose of seeking the Company Stockholder Approval, including any postponement or adjournment thereof.

"*Company Subsidiary*" shall mean (a) any corporation of which fifty percent (50%) or more of the outstanding voting securities is, directly or indirectly, owned by the Company, (b) any partnership, limited liability company, joint venture or other entity of which fifty percent (50%) or more of the total equity interest is, directly or indirectly, owned by the Company or of which the Company or any Company Subsidiary is a general partner, manager, managing member or the equivalent and (c) those joint ventures listed on *Section 1.1(a)* of the Company Disclosure Letter in which the Company owns, directly or indirectly, less than fifty percent (50%) of the equity interests (the "*Company Joint Ventures*").

"*Confidentiality Agreement*" shall mean the letter agreement, dated June 29, 2015, as amended from time to time, between the Company and Parent.

"*control*" (including the terms "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise.

"*Environmental Law*" shall mean any Law (including, common law) relating to the pollution or protection of the environment (including air, surface water, groundwater, land surface or subsurface land), or human health or safety (as such matters relate to exposure to Hazardous Substances), including Laws relating to the use, handling, presence, transportation, treatment, storage, disposal, release or discharge of Hazardous Substances.

"*Environmental Permit*" shall mean any permit, approval, license or other authorization required under any applicable Environmental Law.

"*ERISA*" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"*ERISA Affiliate*" shall mean all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control and all other entities, together with the Company or any ERISA Affiliate of the Company, which are treated as a single employer under Section 414 of the Code.

"*Exchange Act*" shall mean the Securities Exchange Act of 1934, as amended.

"*Expenses*" shall mean all expenses (including loan application and commitment fees and all fees and expenses of counsel, accountants, investment bankers, experts and consultants to a party hereto and its Affiliates) incurred by a party or on its behalf in connection with or related to the authorization, preparation, negotiation, execution and performance of this Agreement, the preparation, printing, filing and mailing of the Proxy Statement and all SEC and other regulatory filing fees incurred in connection with the Proxy Statement, the solicitation of stockholder approval, engaging the services of the Paying Agent, obtaining third party consents, any other filings with the SEC and all other matters related to the closing of the Merger and the other transactions contemplated by this Agreement.

"*Extended Closing Date*" shall mean ten (10) Business Days after the date on which the Satisfaction Time occurs; *provided*, *however*, that the Extended Closing Date shall not occur following the Outside Date unless the date that the Company Stockholder Approval is obtained is less than ten (10) Business Days prior to the Outside Date, in which case the Outside Date shall be extended until the date that is ten (10) Business Days following the date that the Company Stockholder Approval is obtained.

"*GAAP*" shall mean the United States generally accepted accounting principles.

"*Governmental Authority*" shall mean any United States (federal, state or local) or foreign government, arbitration panel, or any governmental or quasi-governmental, regulatory, judicial or administrative authority, board, bureau, agency, commission or self-regulatory organization.

"*Hazardous Substances*" shall mean (i) those substances listed in, defined in or regulated under any Environmental Law, including the following federal statutes and their state counterparts, as each may be amended from time to time, and all regulations thereunder: the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Toxic Substances Control Act, the Clean Water Act, the Safe Drinking Water Act, the Atomic Energy Act and the Clean Air Act; (ii) petroleum and petroleum products, including crude oil and any fractions thereof; and (iii) polychlorinated biphenyls, mold, methane, asbestos, and radon.

"*Indebtedness*" shall mean, with respect to any Person, (i) all indebtedness, notes payable, accrued interest payable or other obligations for borrowed money (including prepayment penalties, brokerage costs, unwind costs, termination costs, redemption costs, charges and other premiums payable as a result of the consummation of the transactions contemplated hereby), whether secured or unsecured, (ii) all obligations under conditional sale or other title retention agreements, or incurred as financing, in either case with respect to property acquired by such Person, (iii) all obligations issued, undertaken or assumed as the deferred purchase price for any property or assets (including any potential future earn-out, purchase price adjustment or release or any "holdback" or similar payment), (iv) all obligations under capital leases, (v) all obligations in respect of bankers acceptances or letters of credit, (vi) all obligations under interest rate cap, swap, collar or similar transaction or currency hedging transactions (valued at the termination value thereof), and (vii) any guarantee (other than customary non-recourse carve-out or "badboy guarantees" on Indebtedness that is not material to the Company) of any of the foregoing, whether or not evidenced by a note, mortgage, bond, indenture or similar instrument.

"*Indemnitee*" shall mean any individual who, on or prior to the Effective Time, was an officer, director, partner, manager, member, trustee or agent of the Company or served on behalf of the Company as an officer, director, partner, manager, member or trustee of any of the Company Subsidiaries.

"*Intellectual Property*" shall mean all United States and foreign (i) patents, patent applications, invention disclosures, and all related continuations, continuations-in-part, divisionals, reissues, re-examinations, substitutions and extensions thereof, (ii) trademarks, service marks, trade dress, logos, trade names, corporate names, Internet domain names, design rights and other source identifiers, together with the goodwill symbolized by any of the foregoing, (iii) copyrightable works and copyrights, (iv) confidential and proprietary information, including trade secrets, know-how, ideas, formulae, models and methodologies, (v) all rights in the foregoing and in other similar intangible assets, and (vi) all applications and registrations for the foregoing.

"*IRS*" shall mean the United States Internal Revenue Service or any successor agency.

"*knowledge*" shall mean the actual knowledge of the following officers and employees of the Company and Parent, as applicable: (i) for the Company: each person identified as an executive officer of the Company in the Company's 2015 Proxy Statement; and (ii) for Parent: Brian Summers, Patrick Judge, Matthew Shore and Roger Stattel.

"*Law*" shall mean any and all domestic (federal, state or local) or foreign laws, rules, regulations, orders, judgments or decrees promulgated by any Governmental Authority.

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"*Lien*" shall mean with respect to any asset (including any security), any mortgage, deed of trust, claim, condition, covenant, lien, pledge, charge, security interest, preferential arrangement, option or other third party right (including right of first refusal or first offer), restriction, right of way, easement, or title defect or encumbrance of any kind in respect of such asset, including any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership.

"*Liquid Assets*" shall mean any of the following, but only to the extent owned individually, free of all Liens: (i) cash; (ii) certificates of deposit (with a maturity of two (2) years or less) issued by, or savings account with, any bank or other financial institution; (iii) marketable securities listed on a national or international exchange; (iv) U.S. Obligations; or (iv) the face amount of Qualified Capital Commitments.

"*MGCL*" shall mean the Maryland General Corporation Law.

"*New Guarantor*" shall mean a newly-formed Affiliate of Parent that is not a controlling Affiliate of Parent to which either of the Parent Parties assigns or delegates any of their respective rights, interests or obligations under this Agreement in accordance with *Sections 6.16(b)* and *9.5*.

"*Net Worth*" shall mean that, as of the date of any determination, (i) the amount of capital contributions that may be called from the members of a Person pursuant to the terms of such Person's organizational documents as of the date of calculation, plus (ii) the total book equity of such Person as shown in the most recent quarterly financial statements of such Person, minus (iii) the positive or negative cumulative net change in unrealized appreciation from investments as shown in the footnotes to the most recent quarterly financial statements of such Person (it being understood that the subtraction of such item (A) which is a negative number will result in an increase in Net Worth and (B) will not result in the valuation of an investment or asset exceeding the lower of cost or market (as reflected in such Person's financial statements for such investment or asset).

"*NYSE*" shall mean the New York Stock Exchange.

"*Order*" shall mean a judgment, order or decree of a Governmental Authority.

"*Parent Material Adverse Effect*" shall mean any event, circumstance, change or effect that will, or would reasonably be expected to, prevent, impair or materially delay the ability of any of the Parent Parties or Merger Sub to consummate the Merger or other transactions contemplated by this Agreement.

"*Parent Subsidiary*" shall mean (a) any corporation of which fifty percent (50%) or more of the outstanding voting securities is, directly or indirectly, owned by the Parent Parties, and (b) any partnership, limited liability company or other entity of which fifty percent (50%) or more of the total equity interest is, directly or indirectly, owned by the Parent Parties or of which the Parent Parties or any Parent Subsidiary is a general partner, manager, managing member or the equivalent.

"*Person*" shall mean an individual, corporation, partnership, limited partnership, limited liability company, person (including a "person" as defined in Section 13(d)(3) of the Exchange Act), trust, association or other entity or a Governmental Authority or a political subdivision, agency or instrumentality of a Governmental Authority.

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"*Qualified Capital Commitments*" shall mean commitments under fully executed, irrevocable, unconditional, valid and enforceable subscription agreements in form and substance approved by the Company (it being understood that following the approval by the Company of a form of subscription agreement, any subscription agreement that does not decrease the likelihood (or could be reasonably read to possibly decrease the likelihood) of a commitment being funded thereunder prior to the Closing Date or increase the likelihood (or could be reasonably read to possibly increase the likelihood) that an investor can withdraw its commitment thereunder prior to the Closing Date as compared to the form approved by the Company shall not require the prior approval of the Company) pursuant to which a Person that Parent reasonably believes in good faith has the financial capability to satisfy its obligations thereunder has committed to invest a specified amount of cash on or prior to the Closing with the applicable Parent Party as of the date of calculation and does not provide for the return of any portion thereof to such Person prior to the Closing.

"*Representative*" shall mean, with respect to any Person, such Person's directors, officers, employees, consultants, advisors (including attorneys, accountants, consultants, investment bankers, and financial advisors), agents and other representatives.

"*Satisfaction Time*" shall mean such time that all of the conditions set forth in *Article VII* (other than those conditions that by their terms are required to be satisfied or waived at the Closing) shall have been satisfied or waived by the party entitled to the benefit of the same.

"*SEC*" shall mean the United States Securities and Exchange Commission (including the staff thereof).

"*Securities Act*" shall mean the Securities Act of 1933, as amended.

"*Significant Company Subsidiaries*" shall mean Inland Algonquin Commons, LLC, Inland Venture, LLC, Inland Exchange Venture, LLC and Inland TRS Commercial Property Management, Inc.

"*Solvent*" shall mean that, as of the date of any determination, (i) the present fair saleable value of the properties, rights and assets of the Parent Parties and the Parent Subsidiaries exceeds the total liabilities of the Parent Parties and the Parent Subsidiaries (including a reasonable estimate of the contingent liabilities that would be recorded in accordance with GAAP), (ii) the capital of the Parent Parties and the Parent Subsidiaries, taken as a whole, is not unreasonably small in relation to their business, taken as a whole, and (iii) the Parent Parties and the Parent Subsidiaries, taken as a whole, do not have debts beyond their ability to pay such debts as they mature in the ordinary course of business.

"*Tax*" or "*Taxes*" shall mean any and all federal, state, local or foreign or other taxes of any kind, together with any interest, penalties and additions to tax, imposed by any Governmental Authority, including taxes on or with respect to income, franchises, gross receipts, gross income, property, sales, use, ad valorem, transfer, capital stock, payroll, employment, unemployment, alternative or add-on minimum, estimated and net worth, and taxes in the nature of excise, withholding, backup withholding and value added taxes, additions to tax or additional amounts imposed by any taxing authority (domestic or foreign), and shall include any transferee or successor liability in respect of taxes, any liability in respect of taxes under Treasury Regulation Section 1.1502-6 or any similar provision of state, local or foreign Law, or imposed by contract, tax sharing agreement, tax indemnity agreement or any similar agreement, whether disputed or not and including any obligation to indemnify or otherwise assume or succeed to the tax liability of any other Person.

"*Tax Return*" shall mean any return, report or similar statement, together with any attached schedule, that is required to be provided to a Governmental Authority with respect to Taxes,

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including information returns, refunds claims, amended returns and declarations of estimated Tax.

"*U.S. Obligations*" shall mean securities evidencing an obligation to timely pay principal and/or interest in a full and timely manner that are (i) direct obligations of the United States of America for the payment of which its full faith and credit is pledged, and (ii) not subject to prepayment, call or early redemption.

(b) The following terms shall have the respective meanings set forth in the Section set forth below opposite such term:

Acceptable Confidentiality Agreement	Section 1.1(a)
Action	Section 1.1(a)
Adverse Recommendation Change	Section 6.4(d)
Affiliate	Section 1.1(a)
Agreement	Preamble
Alternative Financing	Section 6.12(b)
Anchor Tenant	Section 1.1(a)
Articles of Merger	Section 2.3(a)
Book-Entry Share	Section 3.1(b)
Business Day	Section 1.1(a)
Certificate	Section 3.1(b)
Closing	Section 2.2(a)
Closing Date	Section 2.2(a)
Code	Section 1.1(a)
Commitment Letters	Section 5.5(a)
Company	Preamble
Company Benefit Plan	Section 1.1(a)
Company Board	Section 1.1(a)
Company Bylaws	Section 1.1(a)
Company Charter	Section 1.1(a)
Company Common Stock	Recitals
Company Disclosure Letter	Article IV
Company Employee	Section 1.1(a)
Company Ground Leases	Section 4.16(f)
Company Insurance Policies	Section 4.18
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