DDR Case Competition
Yale University
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Case Competition Overview
Case Competition Overview

DDR Corp. (NYSE: DDR) is hosting its second annual undergraduate case competition in which students from Yale University, Case Western Reserve University, Wisconsin University, and Colgate University, will compete for $5,000 and a chance to meet company executives and interview for entry level and internship opportunities. First-place finishers from each school will advance to the final round and present to DDR’s executive team in the board room of the company’s headquarters in an all-expense-paid trip. Important dates below:

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case Study Topics Released</td>
<td>September 8th</td>
</tr>
<tr>
<td>1st Round of Presentations (on campus)</td>
<td>October 17th</td>
</tr>
<tr>
<td>Dinner with DDR Management Trainees</td>
<td>October 28th</td>
</tr>
<tr>
<td>Final Round of Presentations (at DDR)</td>
<td>October 29th</td>
</tr>
</tbody>
</table>
About DDR Corp
Company Overview

DDR Corp is a publicly-traded (NYSE: DDR) real estate investment trust (REIT) headquartered in Cleveland, Ohio that owns and operates properties in stable and expanding metropolitan areas where retailers continue to deliver growth for their stakeholders, and value and convenience for their customers. DDR aspires to be the most admired provider of prime real estate destinations for retailers, a meritocratic employer of choice, and deliver superior risk-adjusted returns to shareholders and partners.

- Founded in 1965
- DDR incorporated as a REIT: 1992
- DDR goes public on New York Stock Exchange (NYSE): 1993
- Current # of Employees: 603
- Total Enterprise Value: $11.9 billion
Company Overview

PORTFOLIO FOOTPRINT

TOP RETAIL PARTNERS

SQUARE FEET (IN MILLIONS)
- > 5.0
- 1.0 - 4.9
- < 1.0

390 SHOPPING CENTERS
108 MILLION SF OF RETAIL SPACE
39 STATES & PUERTO RICO
$15.8 BILLION ASSETS UNDER MANAGEMENT
REITs 101
REITs 101

Real Estate Investment Trust (REIT) defined:
A REIT, or Real Estate Investment Trust, is a type of real estate company modeled after mutual funds. REITs are essentially a product of the tax code and are required to distribute a certain percentage of income generated from property-level cash flows to shareholders in the form of a dividend, and are not required to pay corporate income taxes. REITs were created by Congress in 1960 to give all Americans – not just the affluent – the opportunity to invest in income-producing real estate in a manner similar to how many Americans invest in stocks and bonds through mutual funds. Income-producing real estate refers to land and the improvements on it – such as apartments, shopping centers, offices or hotels. REITs may invest in the properties themselves, generating income through the collection of rent, or they may invest in mortgages or mortgage securities tied to the properties, helping to finance the properties and generating interest income. REITs allow anyone to invest in portfolios of large-scale properties the same way they invest in other industries – through the purchase of stock. In the same way shareholders benefit by owning stocks in other corporations, the stockholders of a REIT earn a share of the income produced through real estate investment – without actually having to go out and buy or finance property.

There are over 200 publicly traded REITs with a total market capitalization of over $670 billion

<table>
<thead>
<tr>
<th>Property Sectors</th>
<th>Public Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail – Shopping Centers</td>
<td>DDR Corp. (DDR)</td>
</tr>
<tr>
<td></td>
<td>Kimco Realty (KIM)</td>
</tr>
<tr>
<td>Retail – Regional Malls</td>
<td>Simon Property Group (SPG)</td>
</tr>
<tr>
<td></td>
<td>General Growth Properties (GGP)</td>
</tr>
<tr>
<td>Office</td>
<td>SL Green Realty Trust (SLG)</td>
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<tr>
<td></td>
<td>Boston Properties (BXP)</td>
</tr>
<tr>
<td>Self Storage</td>
<td>Public Storage (PSA)</td>
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<tr>
<td></td>
<td>CubeSmart (CUBE)</td>
</tr>
<tr>
<td>Apartment / Multifamily</td>
<td>AvalonBay Communities (AVB)</td>
</tr>
<tr>
<td></td>
<td>Equity Residential (EQR)</td>
</tr>
<tr>
<td>Industrial</td>
<td>ProLogis (PLD)</td>
</tr>
<tr>
<td></td>
<td>First Industrial Realty Trust (FR)</td>
</tr>
<tr>
<td>Lodging / Hotels</td>
<td>Hospitality Properties Trust (HPT)</td>
</tr>
<tr>
<td></td>
<td>Host Hotels &amp; Resorts (HST)</td>
</tr>
<tr>
<td>Health Care</td>
<td>Ventas (VTR)</td>
</tr>
<tr>
<td></td>
<td>HCP, Inc. (HCP)</td>
</tr>
</tbody>
</table>
Enclosed Malls

Lifestyle Centers

Power Centers

Grocery Anchored Centers

DDR's prime portfolio is comprised of market dominant power centers with national credit tenants located in attractive markets with strong demographic profiles.
The Management Training Program
About the Management Training Program

- Program started in 2000 by members of **senior management**
- Structured as an **18 month rotational program**
- **Three separate six-month rotations** available in the following departments:
  - Capital Markets
  - Capital Transactions
  - Development
  - Finance
  - Leasing
  - Portfolio Management
  - Property Management
  - Redevelopment
  - Retail Partnerships
- Rotations assigned based upon individual **career goals and company needs**
- High visibility projects of past management trainees:
  - Prepared and presented to Board of Directors on the growth of omnichannel retail
  - Underwrote $400 million portfolio of assets for government-sponsored Term Asset-backed Loan Facility (TALF) during the 2008/2009 financial crisis
  - Prepared strategic discussion materials for meetings of the Board of Directors
  - Coordinated due diligence for company’s first $1 billion merger
  - Prepared written statement for CEO’s testimony to the House Judiciary Sub-committee on Commercial and Administrative Law regarding Chapter 11 Bankruptcy Code
  - Prepared presentation materials for company executives to present to shareholders, analysts, and investors at Investor Day
  - Prepared earnings call script for CEO
  - Conducted property tours and participated in due diligence of $1.5 billion Joint Venture
  - Attended NAREIT and ICSC events with CEO to network with industry leaders
- **Executives serve as mentors** with the intent to **build future leaders of the organization**
The Management Training Program Creates Executives

Executive Committee positions held by program alumni include:

<table>
<thead>
<tr>
<th>Position</th>
<th>MT Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Vice President of Development</td>
<td>2001</td>
</tr>
<tr>
<td>Senior Vice President of Leasing</td>
<td>2001</td>
</tr>
<tr>
<td>Senior Vice President of Leasing</td>
<td>2002</td>
</tr>
<tr>
<td>Senior Vice President of Finance</td>
<td>2007</td>
</tr>
<tr>
<td>Senior Vice President of Corporate Operations &amp; Chief of Staff</td>
<td>2008</td>
</tr>
<tr>
<td>Vice President of Development</td>
<td>2004</td>
</tr>
<tr>
<td>Vice President of Portfolio Management</td>
<td>2006</td>
</tr>
<tr>
<td>Vice President of Leasing Operations and Business Development</td>
<td>2009</td>
</tr>
</tbody>
</table>
Management Trainee Class of 2014

• Campus recruiting began in September

• Applications can be submitted through both Yale’s Career Services Department and DDR’s website by emailing a cover letter and resume to resumereply@ddr.com

• Phone interviews, campus interviews and final-round interviews at DDR Headquarters will run throughout October.

• Offers extended by first week of November.

• Class size dependent upon company needs and applicant pool; typically 3-4 trainees are hired each fall.

• More information can be found on the Company’s website at http://ddr.com/news/working-at-ddr/college-relations
Case Competition Topics
Teams will have the opportunity to choose and present on one of the following four topics:
As a REIT specializing in the operation of value oriented shopping centers, DDR does business with an extremely wide variety of retail companies. Many of DDR’s top tenants are amongst America’s best known and most successful retailers with strong credit profiles.

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>% OF TOTAL ABR</th>
<th>% OF OWNED GLA</th>
<th>RATING (S&amp;P / MOODY’S / FITCH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. TJX Companies</td>
<td>3.0%</td>
<td>3.4%</td>
<td>A+ / A3 / NR</td>
</tr>
<tr>
<td>2. Walmart</td>
<td>2.8%</td>
<td>5.3%</td>
<td>AA / Aa2 / AA</td>
</tr>
<tr>
<td>3. Bed Bath &amp; Beyond</td>
<td>2.7%</td>
<td>2.6%</td>
<td>BBB+ / NR / NR</td>
</tr>
<tr>
<td>4. PetSmart</td>
<td>2.5%</td>
<td>2.2%</td>
<td>BB+ / NR / NR</td>
</tr>
<tr>
<td>5. Kohl’s</td>
<td>2.3%</td>
<td>3.9%</td>
<td>BBB+ / Baa1 / BBB+</td>
</tr>
<tr>
<td>6. Dick’s Sporting Goods</td>
<td>2.0%</td>
<td>1.9%</td>
<td>NR</td>
</tr>
<tr>
<td>7. Ross Stores</td>
<td>1.9%</td>
<td>2.2%</td>
<td>A- / NR / NR</td>
</tr>
<tr>
<td>8. Office Depot</td>
<td>1.8%</td>
<td>1.8%</td>
<td>B- / B2 / NR</td>
</tr>
<tr>
<td>9. Best Buy</td>
<td>1.8%</td>
<td>1.4%</td>
<td>BB / Baa2 / BB-</td>
</tr>
<tr>
<td>10. Michaels</td>
<td>1.8%</td>
<td>1.8%</td>
<td>B / B3 / NR</td>
</tr>
<tr>
<td>11. AMC Theatres</td>
<td>1.7%</td>
<td>0.8%</td>
<td>B / NR / NR</td>
</tr>
<tr>
<td>12. Publix</td>
<td>1.6%</td>
<td>2.2%</td>
<td>NR</td>
</tr>
<tr>
<td>13. Kroger</td>
<td>1.2%</td>
<td>2.2%</td>
<td>BBB / Baa2 / BBB</td>
</tr>
<tr>
<td>14. Gap / Old Navy / Banana Republic</td>
<td>1.2%</td>
<td>1.1%</td>
<td>BBB- / Baa3 / BBB-</td>
</tr>
<tr>
<td>15. Lowe’s</td>
<td>1.2%</td>
<td>2.2%</td>
<td>A- / A3 / NR</td>
</tr>
<tr>
<td>16. Ascena</td>
<td>1.1%</td>
<td>0.7%</td>
<td>NR</td>
</tr>
<tr>
<td>17. Jo-Ann</td>
<td>1.1%</td>
<td>1.3%</td>
<td>B / Caa1 / NR</td>
</tr>
<tr>
<td>18. Regal Cinemas</td>
<td>1.1%</td>
<td>0.8%</td>
<td>B+ / B1 / B+</td>
</tr>
<tr>
<td>19. Barnes &amp; Noble</td>
<td>1.0%</td>
<td>0.7%</td>
<td>NR</td>
</tr>
<tr>
<td>20. Ulta</td>
<td>1.0%</td>
<td>0.6%</td>
<td>NR</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34.8%</strong></td>
<td><strong>39.1%</strong></td>
<td></td>
</tr>
</tbody>
</table>
You and your team have been given $10 million to build an investment portfolio strictly comprised of three to ten retailers.

Please consider and provide the following:

- Names of retailers chosen for your model portfolio and why, giving particular consideration to market sentiment, economic fundamentals, and your own personal investment convictions.
- The amount of capital you will allocate to each retailer and why?
- You are managing a long-only investment Fund, so no short positions or derivative trades should be considered.
- What is your overall investment thesis and expected return for your Fund investors?
  - Are there any trends occurring in retail which indicate certain product types / retail concepts that will prevail in future years?
  - Which retailers might be a valuable investment as a result of these trends?
  - Which might be in trouble?
- Consider the retail brands and concepts DDR does business with and how your model portfolio aligns with the company’s current shopping center portfolio and retail mix, and the trends in retail that will influence the company’s portfolio in the future.
With the evolution of technology, the retail landscape continues to change. Over the years, many retailers have implemented omnichannel solutions to meet the ever-evolving expectations of their customers. Omnichannel retailing allows retailers to provide a more convenient and personalized shopping experience for their customers by providing the right goods at the right time – both in-store and online. Retailers are beginning to understand that shopping needs to become a seamless, yet meaningful, experience for their customers, not merely a business transaction.

A recent report from Business Insider Intelligence demonstrates that reverse showrooming is becoming more popular, with 69% of customers viewing products online but going to a physical store to make the purchase. As a result, retailers are adopting strategies, such as offering free Wi-Fi in their stores and utilizing advanced technologies which will allow retailers to track customers and learn more about their buying decisions. Furthermore, research has proven that omnichannel shoppers purchase more in store, than online, and demonstrate stronger brand loyalty. Omnichannel retailing supports the thesis that brick and mortar retail will continue to thrive.

Given these trends, please consider the following questions:
- What new technologies do you envision retailers harnessing that will make the omnichannel experience even more convenient for shoppers?
- How can retailers learn more about their customers and their buying behavior?
- How do you see the format of the physical store evolving over the years?
- How will retailers further differentiate themselves, as more and more retailers adopt the omnichannel approach?
- Which sectors will benefit the most from utilizing the omnichannel approach? Why?
- Which geographic areas of the country will be most affected by omnichannel trends and why?
- How should DDR think about these technological advances and what role should the company play? Should DDR invest in these technologies? If so, which ones? If not, why?
Topic 3: The Millennial Consumer

Ranging between 24 to 30% of the United States population, the Millennial generation is poised to transform the retail landscape. By 2017, the Millennial generation is expected to outspend Baby Boomers. Rapid technological advancements are beginning to form the foundation for the future consumer. In order to stay atop the evolving retail environment, from a landlord’s perspective, it is of the utmost importance to create bonding relationships with successful, forward-thinking merchants equipped to meet the needs of the consumer.

• What effect will the Millennial Consumer’s potential purchasing power and behaviors have on retail?
• What trends are we seeing in today’s Millennial generation and how will they affect the retail environment moving forward?
• How are Millennials different than previous generations of consumers?
• What retailers are effectively adapting to the changing consumer landscape?
• What technological advancements will influence the consumer in the future?
• Which retailers are utilizing such advancements to stay ahead of the curve?
• Who excels? Who are the laggards? How and why?
• What start-up platforms would potentially benefit DDR, facilitate business for the retailer, and thus, create a more appealing experience for the consumer?
• Would DDR benefit from an investment into such start-up platforms?
At DDR we are focused on strengthening our position as a responsible corporate citizen. This past year we advanced numerous programs and initiatives that illustrate our commitment to the environment, the development of our people, and the vitality of the communities our shopping centers serve. With a large-scale geographic portfolio and business operation, it is necessary that we evaluate and act on opportunities to reduce our carbon footprint. Through the growth of this initiative, DDR has developed several innovative programs aimed at improving the environment through sustainability efforts.

With 340,000 square feet of roof space atop our shopping centers that contain solar arrays, we continue to realize significant environmental benefits through the production of renewable energy without generating noise, pollution, or greenhouse gases. In 2013, we were pleased to introduce a new amenity to select assets through the installation of electric vehicle charging stations. We see tremendous opportunity for continued growth with these partners as consumer demand for environmentally friendly transportation grows.

DDR made significant investments in lighting system upgrades across its portfolio in 2013. To date, DDR has upgraded lighting systems at 253 individual properties, which include replacing legacy parking lot lights with more energy-efficient bulbs, and pairing those lights with a state-of-the-art control system that allows the lights to be strategically rotated between on and off cycles.
With the evolution of sustainability and its future influence on the investment, development and operations of retail assets, present a detailed plan of the initiatives DDR should pursue to enhance its sustainable efforts and promote corporate social responsibility. Consider the following questions when crafting your presentation:

The Executive management at DDR recently approved the hiring of a new Sustainability Director. Your team will be responsible for managing the new hire and the development of a strategy for enterprise-wide sustainability efforts.

- What sustainability practices should DDR pursue at the corporate level (e.g., headquarters and satellite offices)?
- How can you justify the added expenses of sustainability efforts to investors?
- What return thresholds should be established internally to determine whether sustainability initiatives should be pursued?
- How will you communicate your strategy internally to employees and externally to investors and tenants?
- Is there new sustainable technology being developed that would benefit our shopping centers? What innovative solutions should the company pursue?
- What future sustainability regulations might restrict the development or redevelopment of shopping center space? What strategic adjustments could DDR make to prepare?
- What metrics should the company establish and measure to define success?
Presentation Guidelines

• Choose which of the four topics your team will be presenting and submit it to Scott Williams via email at: swilliams@ddr.com

• Prepare a PowerPoint Presentation to present your response to the selected topic (approximately 20 minutes)
  • Each member of your team must present
  • Your presentation will be followed by a Q&A session with DDR Executives

• Handouts for judges encouraged

• Be creative
  • We have purposely left the guidelines vague for your own creative interpretation
Resources
Resources

Company Resources:

- Twitter – http://twitter.com/DDR_Corp
- Facebook – http://www.facebook.com/ddrcorp
- DDR website – http://ddr.com/
  - Access to everything DDR
  - Properties
  - People
  - News and Events
- DDR investor relations page: http://ir.ddr.com/
  - Access to:
    - Press Releases
    - Events & Presentations
    - Financial Information
    - Stock Information
    - Earnings Reports
    - Investor Day Webcast

Industry Resources:

- http://www.reit.com - Website covering current events in the REIT sector
- http://www.icsc.org - Website of the International Council of Shopping Centers, the major organization in global retail
- http://www.shoppingcenterbusiness.com - Website covering major real estate transactions and developments in the retail sector
- http://chainstoreage.com - Website covering the best known chains in the retail industry
- http://www.costar.com/News - Website covering major transactions and developments in the commercial real estate sector
Contact Information

Competition Contact for Yale University:

- Scott Williams
- DDR Management Trainee
- swilliams@ddr.com