

INLAND REAL ESTATE CORP
Form 424B5
September 28, 2011

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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 28, 2011

PROSPECTUS SUPPLEMENT
(To prospectus dated September 23, 2011)

Shares

Inland Real Estate Corporation

% Series A Cumulative Redeemable Preferred Stock (Liquidation Preference \$25 Per Share)

We are offering _____ shares of our _____ % Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the "Series A Preferred Stock").

At our request, the underwriters have reserved for sale, at the public offering price, up to _____ shares of Series A Preferred Stock offered hereby to be sold to certain of our directors, officers (who may purchase them directly or through entities they own and control) and other affiliates who have expressed an interest in purchasing shares of Series A Preferred Stock in the offering. None of our directors, officers or affiliates have entered into any binding commitments to purchase shares of Series A Preferred Stock. The number of shares of Series A Preferred Stock available for sale to the general public will be reduced to the extent such persons or entities purchase such reserved shares. Any reserved shares of Series A Preferred Stock which are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered hereby.

Dividends on the Series A Preferred Stock will be payable monthly in arrears on or about the 15th day of each month. The dividend rate will be _____ % per annum of the \$25.00 per share liquidation preference, which is equivalent to \$ _____ per annum per share of Series A Preferred Stock. The first dividend payment on the shares of Series A Preferred Stock sold in this offering will be paid on November 15, 2011 and will be in the amount of \$ _____ per share.

Generally, we may not redeem the shares of Series A Preferred Stock until October _____, 2016. On and after October _____, 2016, we may, at our option, redeem the shares of Series A Preferred Stock, for cash, in whole or from time to time in part, by paying \$25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date of redemption. In addition, upon the occurrence of a change of control the result of which our common stock, par value \$0.01 per share ("common stock"), and the common securities (or their equivalent, including American Depositary Receipts ("ADRs") representing such securities) of the acquiring or surviving entity are not listed on the New York Stock Exchange (the "NYSE"), the NYSE Amex Equities (the "NYSE Amex") or the NASDAQ Stock Market ("NASDAQ") or listed or quoted on a successor exchange or quotation system, we may, at our option, redeem the shares of Series A Preferred Stock, for cash, in whole or in part and within 120 days after the first date on which such change of control occurred, by paying \$25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date of redemption. If we exercise any of our redemption rights relating to any shares of Series A Preferred Stock, the holders of those shares of Series A Preferred Stock will no longer have the conversion rights with respect to those shares as described below. The Series A Preferred Stock has no maturity date and will remain outstanding indefinitely unless redeemed by us or converted in connection with a change of control by the holders of Series A Preferred Stock.

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Upon the occurrence of a change of control the result of which our common stock and the common securities (or their equivalent, including ADRs representing such securities) of the acquiring or surviving entity are not listed on the NYSE, the NYSE Amex or NASDAQ or listed or quoted on a successor exchange or quotation system, each holder of Series A Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date (as defined herein), we have provided or provide notice of our election to redeem the shares of Series A Preferred Stock for cash) to convert some or all of the shares of Series A Preferred Stock held by such holder on the Change of Control Conversion Date into a number of shares of common stock per share of Series A Preferred Stock to be converted equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 per share liquidation preference plus the amount of any accumulated and unpaid dividends to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a record date for a Series A Preferred Stock dividend payment and prior to the corresponding Series A Preferred Stock dividend payment date, in which case no additional amount for such accumulated and unpaid dividend will be included in this sum) by (ii) the Common Stock Price (as defined herein); and

(the "Share Cap"), subject to certain adjustments;

subject, in each case, to provisions for the receipt of alternative consideration as described in this prospectus supplement.

The shares of Series A Preferred Stock are subject to certain restrictions on ownership designed to preserve our qualification as a real estate investment trust ("REIT") for U.S. federal income tax purposes.

We intend to file an application to list the Series A Preferred Stock on the NYSE under the symbol "IRCPPrA."

Investing in the Series A Preferred Stock involves a high degree of risk. The Series A Preferred Stock has not been rated and is subject to the risks associated with non-rated securities. Before buying any shares of Series A Preferred Stock, you should carefully read the discussion of material risks of investing in the Series A Preferred Stock under the heading "Risk Factors" on page S-10 of this prospectus supplement and beginning on page 7 of our Annual Report on Form 10-K for the year ended December 31, 2010.

	Per Share	Total ⁽²⁾
Public offering price ⁽¹⁾	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to us	\$	\$

(1) Plus accrued dividends from October , 2011 if settlement occurs after that date.

(2) Assumes no exercise of the underwriters' overallotment option.

We have granted the underwriters the right to purchase up to an additional shares of Series A Preferred Stock at the public offering price, less the underwriting discount, to cover overallotments within 30 days from the date of this prospectus supplement.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver shares of the Series A Preferred Stock on or about October , 2011.

Joint Book-Running Managers

Wells Fargo Securities

BofA Merrill Lynch

The date of this prospectus supplement is September , 2011.

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ABOUT THIS PROSPECTUS SUPPLEMENT

You should read this prospectus supplement along with the accompanying prospectus, as well as the information incorporated by reference herein and therein, carefully before you invest in our Series A Preferred Stock. These documents contain important information you should consider before making your investment decision. This prospectus supplement and the accompanying prospectus contain the terms of this offering of Series A Preferred Stock. The accompanying prospectus contains information about our securities generally, some of which does not apply to the Series A Preferred Stock covered by this prospectus supplement. This prospectus supplement may add, update or change information contained in or incorporated by reference in the accompanying prospectus. If the information in this prospectus supplement is inconsistent with any information contained in or incorporated by reference in the accompanying prospectus, the information in this prospectus supplement will apply and will supersede the inconsistent information contained in or incorporated by reference in the accompanying prospectus.

It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus before making your investment decision. You should also read and consider the additional information incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus of ours required to be filed with the SEC. Neither we nor the underwriters have authorized any other person to provide you with additional or different information. If anyone provides you with additional or different information, you should not rely on it. Neither we nor the underwriters are making an offer to sell the Series A Preferred Stock in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any such free writing prospectus and the documents incorporated by reference herein and therein is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

We expect that delivery of the shares of the Series A Preferred Stock will be made against payment therefor on or about October 1, 2011, which will be the fifth business day following the date of this prospectus supplement (this settlement date being referred to as "T+5"). Under Rule 15c6-1 of the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), trades in the secondary market generally are required to settle in three business days, unless the parties to that trade expressly agree otherwise. Accordingly, purchasers who wish to trade the shares of the Series A Preferred Stock on the date of this prospectus supplement or the immediately succeeding business day will be required, by virtue of the fact that the shares of the Series A Preferred Stock initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisors.

As used in this prospectus supplement and the accompanying prospectus, all references to "we," "us," "our," "IRC," and "the Company" mean Inland Real Estate Corporation, its consolidated subsidiaries and other entities controlled by Inland Real Estate Corporation. Unless otherwise indicated, the information in this prospectus supplement assumes no exercise of the underwriters' over-allotment option.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus and the documents incorporated by reference herein and therein, including our Annual Report on Form 10-K for the year ended December 31, 2010 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011 and June 30, 2011, contain forward-looking statements. Forward-looking statements are statements that are not historical, including statements regarding management's intentions, beliefs, expectations, representations, plans or predictions of the future and are typically identified by words such as "believe," "expect," "anticipate," "intend," "estimate," "may," "will," "should" and "could." We intend that such forward looking statements be subject to the safe harbors created by Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act. There are numerous risks and uncertainties that could cause actual results to differ materially from those set forth in the forward-looking statements. See "Risk Factors" beginning on page S-10 of this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2010, subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K for a more complete discussion of these risks and uncertainties. You are cautioned not to place undue reliance on forward-looking statements, which reflect only our management's analysis. We assume no obligation to update forward-looking statements.

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SUMMARY

This summary highlights selected information about us. The summary is not complete and may not contain all of the information that may be important to you in deciding to invest in our Series A Preferred Stock. You should read this entire prospectus supplement and the accompanying prospectus carefully, as well as the documents incorporated herein and therein by reference, including our Annual Report on Form 10-K for the year ended December 31, 2010, and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011 and June 30, 2011, before making an investment decision.

The Company

We are a self-managed, publicly traded real estate investment trust ("REIT") that owns and operates neighborhood, community, power and single tenant retail centers. We are incorporated under Maryland law. We also may construct or develop properties or render services in connection with such development or construction. As of June 30, 2011, we owned interests in 163 investment properties, including 29 owned through our unconsolidated joint ventures. Our development joint venture properties are not included as investment properties until they reach what we believe is a stabilized occupancy rate.

We engage in certain activities through Inland Venture Corporation and Inland Exchange Venture Corporation, each of which is a wholly-owned taxable REIT subsidiary ("TRS") entity. These entities engage in activities that produce income that otherwise would not be REIT qualifying income, such as managing properties owned by ventures in which we are not a partner. The TRS entities are subject to federal and state income and franchise taxes from these activities.

We have qualified and elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), for federal income tax purposes commencing with the tax year ended December 31, 1995. Since we qualify for taxation as a REIT, we generally are not subject to U.S. federal income tax on taxable income that is distributed to stockholders. As a REIT, we are subject to a number of organizational and operational requirements, including a requirement that we distribute at least 90% of our taxable income to our stockholders, subject to certain adjustments. If we fail to qualify as a REIT in any taxable year, without the benefit of certain relief provisions, we will be subject to federal and state income taxes on our taxable income at regular corporate tax rates. Even if we qualify for taxation as a REIT, we may be subject to certain state and local taxes on our income, property or net worth and federal income and excise taxes on our undistributed income.

We maintain our principal executive and management office at 2901 Butterfield Road, Oak Brook, Illinois, 60523. Our phone number is (630) 218-8000.

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The Offering

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the Series A Preferred Stock, see "Description of the Series A Preferred Stock" in this prospectus supplement and "Description of Capital Stock Preferred Stock" in the accompanying prospectus.

Issuer	Inland Real Estate Corporation
Securities Offered	shares of Series A Preferred Stock (shares if the underwriters exercise their over-allotment option in full). We reserve the right to reopen this series and issue additional shares of Series A Preferred Stock either through public or private sales at any time.
Dividends	Holders of the Series A Preferred Stock will be entitled to receive cumulative cash dividends on the Series A Preferred Stock at the rate of % per annum of the \$25.00 per share liquidation preference (equivalent to \$ per annum per share of Series A Preferred Stock). Such dividends will accumulate on a daily basis and be cumulative from, and including, the first date of issuance, which is expected to be October , 2011, or the immediately preceding dividend payment date, as the case may be, to, but not including, the next succeeding dividend payment date or redemption date, as applicable. Dividends on the Series A Preferred Stock will be payable monthly in equal amounts in arrears on the 15th day of each month. The first dividend payment date for the shares of Series A Preferred Stock sold in this offering will be November 15, 2011 and the dividend payable on that date will be in the amount of \$ per share. Because the first dividend payment date is November 15, 2011, the dividend per share of Series A Preferred Stock payable on that date will be greater than the amount of a regular monthly dividend per share and will be equal to the sum of (1) the regular monthly dividend per share plus (2) a pro rated portion of the regular monthly dividend per share which will be calculated based on the number of days from, and including, the original issue date of the Series A Preferred Stock to, but not including, October 15, 2011 (computed on the basis of a 360-day year consisting of twelve 30-day months). The dividend payable on November 15, 2011 will be paid to the persons who are the holders of record of the Series A Preferred Stock at the close of business on the corresponding record date, which will be November 1, 2011.

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No Maturity

The Series A Preferred Stock has no maturity date, and we are not required to redeem the shares of Series A Preferred Stock. In addition, we are not required to set aside funds to redeem the shares of Series A Preferred Stock. Accordingly, the shares of Series A Preferred Stock will remain outstanding indefinitely unless we decide to redeem them for cash or, under circumstances where the holders of Series A Preferred Stock have a conversion right, such holders of shares of Series A Preferred Stock decide to convert them.

Optional Redemption

We may not redeem the shares of Series A Preferred Stock prior to October 1, 2016, except as described below under "Special Optional Redemption" and in limited circumstances relating to our continuing qualification as a REIT. On and after October 1, 2016, upon no fewer than 30 days' nor more than 60 days' written notice, we may, at our option, redeem the shares of Series A Preferred Stock, for cash, in whole or from time to time in part, by paying \$25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date of redemption.

Special Optional Redemption

Upon the occurrence of a Change of Control (as defined below), we may, at our option, redeem the shares of Series A Preferred Stock, for cash, in whole or in part and within 120 days after the first date on which such Change of Control occurred, by paying \$25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date of redemption. If, prior to the Change of Control Conversion Date, we have provided or provide notice of redemption with respect to shares of the Series A Preferred Stock (whether pursuant to our optional redemption right or our special optional redemption right), the holders of such shares of Series A Preferred Stock will not have the conversion right described below under " Conversion Rights."

A "Change of Control" is when, after the first date of issuance of any shares of Series A Preferred Stock, the following have occurred and are continuing:

the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of shares of our company entitling that person to exercise more than 50% of the total voting power of all shares of our company entitled to vote generally in elections of directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

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following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or their equivalent, including ADRs representing such securities) listed on the NYSE, the NYSE Amex or NASDAQ or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE Amex or NASDAQ.

Conversion Rights

Upon the occurrence of a Change of Control, each holder of Series A Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, we have provided or provide notice of our election to redeem shares of Series A Preferred Stock) to convert some or all of the shares of Series A Preferred Stock held by such holder on the Change of Control Conversion Date into a number of shares of our common stock per share of Series A Preferred Stock to be converted equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 per share liquidation preference plus the amount of any accumulated and unpaid dividends to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a record date for a Series A Preferred Stock dividend payment and prior to the corresponding Series A Preferred Stock dividend payment date, in which case no additional amount for such accumulated and unpaid dividend will be included in this sum) by (ii) the Common Stock Price; and

(the Share Cap), subject to certain adjustments;

subject, in each case, to provisions for the receipt of alternative consideration as described in this prospectus supplement under "Description of the Series A Preferred Stock Conversion Rights."

If we have provided or provide a redemption notice, whether pursuant to our special optional redemption right in connection with a Change of Control or our optional redemption right on and after October 1, 2016, holders of Series A Preferred Stock will not have any right to convert shares of Series A Preferred Stock in connection with the Change of Control Conversion Right and any shares of Series A Preferred Stock subsequently selected for redemption that have been tendered for conversion will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date.

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For definitions of "Change of Control Conversion Right," "Change of Control Conversion Date" and "Common Stock Price" and for a description of the adjustments and provisions for the receipt of alternative consideration that may be applicable to the Change of Control Conversion Right, see "Description of the Series A Preferred Stock Conversion Rights" in this prospectus supplement.

Except as provided above in connection with a Change of Control, the shares of Series A Preferred Stock are not convertible into or exchangeable for any other securities or property.

Liquidation Preference

If we liquidate, dissolve or wind up, the holders of the Series A Preferred Stock will have the right to receive \$25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date of payment, before any payments are made to the holders of our common stock or any other shares of capital stock that rank junior to the Series A Preferred Stock.

Ranking

The Series A Preferred Stock ranks senior to our common stock and future junior securities, *pari passu* with future parity securities (the "Parity Preferred Stock"), and junior to all of our existing and future indebtedness and any future senior securities, with respect to the payment of dividends or the distribution of assets in the event of our voluntary or involuntary liquidation, dissolution or winding up.

Voting Rights

Holders of Series A Preferred Stock generally have no voting rights. However, if we do not pay dividends on the Series A Preferred Stock for eighteen or more monthly periods, whether or not consecutive, the holders of the Series A Preferred Stock, voting as a single class with the holders of any other Parity Preferred Stock upon which like voting rights have been conferred and are exercisable, will be entitled to vote for the election of two additional directors to serve on our Board of Directors until we pay or set aside for payment all undeclared and unpaid dividends on the Series A Preferred Stock for all prior dividend periods and the then current dividend period. In addition, the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock is required for us to authorize, create or increase shares ranking senior to the Series A Preferred Stock or to amend our charter in a manner that materially and adversely affects the rights of the Series A Preferred Stock.

Among other things, we may, without any vote of the holders of the Series A Preferred Stock, issue additional shares of Series A Preferred Stock and Parity Preferred Stock.

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Information Rights	During any period in which we are not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and any shares of Series A Preferred Stock are outstanding, we will (i) transmit by mail or other permissible means under the Exchange Act to all holders of Series A Preferred Stock as their names and addresses appear in our record books and without cost to such holders, copies of the Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) and (ii) within 15 days following written request, supply copies of such reports to any prospective holder of the Series A Preferred Stock. We will mail (or otherwise provide) the reports to the holders of the Series A Preferred Stock within 15 days after the respective dates by which we would have been required to file such reports with the SEC if we were subject to Section 13 or 15(d) of the Exchange Act.
Listing	We intend to file an application to list the Series A Preferred Stock on the NYSE under the symbol "IRCPRA." If listing is approved, we expect trading to commence within 30 days after initial delivery of the shares of Series A Preferred Stock.
Restrictions on Ownership and Transfer	Our charter and the articles supplementary for the Series A Preferred Stock contain restrictions on ownership and transfer of shares of each separate class of our capital stock, which includes the Series A Preferred Stock and our common stock. These provisions limit to 9.8% in number of shares or value the beneficial ownership of shares of Series A Preferred Stock, as a separate class, by any one person or group of affiliated persons. Our charter also limits to 9.8% in number of shares or value the beneficial ownership of our common stock, as a separate class, by any one person or group of affiliated persons. These provisions may limit the ability of holders of the Series A Preferred Stock to convert their shares of Series A Preferred Stock into shares of our common stock. Our Board of Directors may, in its sole discretion, exempt a person from the 9.8% ownership limits under certain circumstances. See "Description of the Series A Preferred Stock Restrictions on Ownership and Transfer."

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Use of Proceeds

We estimate that the net proceeds of this offering, after deducting the underwriting discount and other estimated offering expenses payable by us, will be approximately \$ million (approximately \$ million if the underwriters exercise their overallotment option in full). We intend to use the net proceeds to purchase additional properties to be owned by us or one or more of our joint ventures and for general corporate purposes, including the possible repayment of indebtedness, which may include repurchasing our 4.625% convertible notes due 2026 and repaying amounts outstanding on our line of credit. Draws under the line of credit accrue interest at a rate equal to (i) LIBOR plus an amount from 2.00% to 2.75%, depending on our then current leverage ratio or (ii) the Alternate Base Rate plus an amount from 1.00% to 1.75%, depending on our then current leverage ratio. "Alternate Base Rate" means a floating rate equal to the highest of (i) KeyBank National Association's prime rate, (ii) one month LIBOR plus 1.0% and (iii) the federal funds effective rate (as announced by the Federal Reserve Bank of Cleveland) plus 0.5%. The line of credit matures on June 21, 2014. The principal amount outstanding on our line of credit as of June 30, 2011 and September 27, 2011 was \$75.0 million and \$65.0 million, respectively. Prior to the full investment of the net proceeds in accordance with our investment strategy, we intend to invest the net proceeds in certificates of deposit, interest-bearing short-term investment grade securities or money-market accounts which are consistent with our intention to qualify as a REIT. These initial investments are expected to provide a lower net return than we will seek to achieve from investments in accordance with our investment strategy. See "Use of Proceeds."

Risk Factors

See "Risk Factors" beginning on page S-10 of this prospectus supplement and beginning on page 7 of our Annual Report on Form 10-K for the year ended December 31, 2010 to read about certain risks you should consider before buying shares of Series A Preferred Stock.

Tax Consequences

Certain U.S. federal income tax considerations of purchasing, owning and disposing of shares of Series A Preferred Stock are summarized in the discussion under the heading "Material United States Federal Income Tax Considerations" in the accompanying prospectus.

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RISK FACTORS

An investment in the Series A Preferred Stock involves a high degree of risk. In addition to other information in this prospectus supplement, you should carefully consider the following risks, the risks described in our Annual Report on Form 10-K for the year ended December 31, 2010, as well as other information and data set forth in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein before making an investment decision with respect to the Series A Preferred Stock. The occurrence of any of these risks could materially and adversely affect our business, financial condition, liquidity, results of operations, prospects and our ability to make cash dividends to holders of the Series A Preferred Stock, which could cause you to lose all or a significant portion of your investment in the Series A Preferred Stock. Some statements in this prospectus supplement, including statements in the following risk factors, constitute forward-looking statements. See "Statements Regarding Forward-Looking Information" in the accompanying prospectus.

The Series A Preferred Stock is subordinate to our existing and future debt, and your interests could be diluted by the issuance of additional preferred stock and by other transactions.

The Series A Preferred Stock will rank junior to all of our existing and future debt and to other non-equity claims on us and our assets available to satisfy claims against us, including claims in bankruptcy, liquidation or similar proceedings. Our future debt may include restrictions on our ability to pay dividends to preferred stockholders. Our charter currently authorizes the issuance of up to 6,000,000 shares of preferred stock in one or more series. In addition, our Board of Directors has the power under our charter to classify any of our unissued shares of preferred stock, and to reclassify any of our previously classified but unissued shares of preferred stock of any series, from time to time, in one or more series of preferred stock. The issuance of additional shares of preferred stock on parity with or senior to the Series A Preferred Stock would dilute the interests of the holders of the Series A Preferred Stock, and any issuance of shares of preferred stock senior to the Series A Preferred Stock or of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on the Series A Preferred Stock. Other than the conversion right afforded to holders of Series A Preferred Stock that may occur in connection with a change of control of us as described under "Description of the Series A Preferred Stock - Conversion Rights" in this prospectus supplement, none of the provisions relating to the Series A Preferred Stock contain any provisions relating to or limiting our indebtedness or affording the holders of the Series A Preferred Stock protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets or business, that might adversely affect the holders of the Series A Preferred Stock, so long as the rights of the holders of Series A Preferred Stock are not materially and adversely affected.

The Series A Preferred Stock has not been rated.

We have not sought to obtain a rating for the Series A Preferred Stock. No assurance can be given, however, that one or more rating agencies might not independently determine to issue such a rating or that such a rating, if issued, would not adversely affect the market price of the shares of Series A Preferred Stock. In addition, we may elect in the future to obtain a rating for the Series A Preferred Stock or elect to issue other securities for which we may seek to obtain a rating, each of which could adversely impact the market price of the shares of Series A Preferred Stock. Ratings only reflect the views of the rating agency or agencies issuing the ratings and such ratings could at any time be revised downward or withdrawn entirely at the discretion of the issuing rating agency if in its judgment circumstances so warrant. Any such downward revision or withdrawal of a rating could have an adverse effect on the market price of the shares of Series A Preferred Stock. Further, a rating is not a recommendation to purchase, sell or hold any particular security, including the Series A Preferred Stock. In addition, ratings do not reflect market prices or suitability of a security for a particular investor and any

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future rating of the Series A Preferred Stock may not reflect all risks related to us and our business, or the structure or market value of the shares of Series A Preferred Stock.

As a holder of Series A Preferred Stock, you have extremely limited voting rights.

Your voting rights as a holder of Series A Preferred Stock will be limited. Our common stock is the only class of our securities that carry full voting rights. Voting rights for holders of Series A Preferred Stock exist primarily with respect to the ability to elect two additional directors to our Board of Directors in the event that eighteen 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 our charter or articles supplementary relating to the Series A Preferred Stock that materially and adversely affect the rights of the Series A Preferred Stock or create additional classes or series of shares of our capital stock that are senior to the Series A Preferred Stock. Other than the limited circumstances described in this prospectus supplement, holders of Series A Preferred Stock will not have any voting rights. See "Description of the Series A Preferred Stock – Voting Rights."

We may incur additional indebtedness, which may harm our financial position and cash flow and potentially impact our ability to pay dividends on the Series A Preferred Stock.

As of June 30, 2011, we and our subsidiaries had approximately \$834.2 million of indebtedness, \$498.1 million of which was secured. We may incur additional indebtedness and become more highly leveraged, which could harm our financial position and potentially limit our cash available to pay dividends. As a result, we may not have sufficient funds remaining to pay dividends on our Series A Preferred Stock.

Our indebtedness and degree of leverage could also have an adverse effect on our ability to pay dividends on the Series A Preferred Stock. Increases in our borrowing and the resulting increase in our leverage could affect our financial condition and make it more difficult for us to comply with our financial covenants governing our indebtedness. For a further discussion of our financing risks, please see the section in our 2010 Annual Report on Form 10-K under the heading "Risk Factors – Financing Risks."

Our ability to pay dividends is limited by the requirements of Maryland law.

Our ability to pay dividends on the Series A Preferred Stock is limited by the laws of Maryland. Under the Maryland General Corporation Law, a Maryland corporation generally may not pay dividends if, after giving effect to such dividend payment, the corporation would not be able to pay its debts as the debts become due in the usual course of business, or the corporation's total assets would be less than the sum of its total liabilities plus, unless the corporation's charter provides otherwise, the amount that would be needed, if the corporation were dissolved at the time of such dividend payment, to satisfy the preferential rights upon dissolution of stockholders whose preferential rights are superior to those receiving such dividend payment. Accordingly, we may not be able to pay dividends on the Series A Preferred Stock if, after giving effect to such dividend payment, we would not be able to pay our debts as they become due in the usual course of business or our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the preferential rights upon dissolution of the holders of any outstanding shares of preferred stock, with preferences senior to those of the Series A Preferred Stock.

We cannot assure you that we will be able to pay dividends regularly.

Our ability to pay dividends in the future is dependent on our ability to operate profitably and to generate cash from our operations and the operations of our subsidiaries. We cannot guarantee that we will be able to pay dividends on a regular monthly basis in the future.

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The change of control conversion feature may not adequately compensate you, and the change of control conversion and redemption features of the Series A Preferred Stock may make it more difficult for a party to take over our company or discourage a party from taking over our company.

Upon the occurrence of a change of control the result of which our common stock and the common securities (or their equivalent, including ADRs representing such securities) of the acquiring or surviving entity are not listed on the NYSE, the NYSE Amex or NASDAQ or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE Amex or NASDAQ, holders of the Series A Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, we have provided or provide notice of our election to redeem shares of Series A Preferred Stock) to convert some or all of their shares of Series A Preferred Stock into shares of our common stock (or equivalent value of alternative consideration) and under these circumstances we will also have a special optional redemption right to redeem shares of Series A Preferred Stock. See "Description of the Series A Preferred Stock Conversion Rights" and "Special Optional Redemption." Upon such a conversion, the holders will be limited to a maximum number of shares of our common stock equal to the Share Cap multiplied by the number of shares of Series A Preferred Stock converted. If the Common Stock Price is less than \$ (which is approximately % of the per-share closing sale price of our common stock on September , 2011), subject to adjustment, the holders will receive a maximum of shares of our common stock per share of Series A Preferred Stock, which may result in a holder's receiving value that is less than the liquidation preference of the Series A Preferred Stock. In addition, those features of the Series A Preferred Stock may have the effect of inhibiting a third party from making an acquisition proposal for our company or of delaying, deferring or preventing a change of control of our company under circumstances that otherwise could provide the holders of our common stock and Series A Preferred Stock with the opportunity to realize a premium over the then-current market price or that stockholders may otherwise believe is in their best interests.

There is no established trading market for the Series A Preferred Stock, listing on the NYSE does not guarantee a market for the Series A Preferred Stock and the market price and trading volume of the shares of Series A Preferred Stock may fluctuate significantly.

The Series A Preferred Stock is a new issue of securities with no established trading market. We intend to file an application to list the Series A Preferred Stock on the NYSE, but there can be no assurance that the NYSE will approve the Series A Preferred Stock for listing. Even if the NYSE approves the Series A Preferred Stock for listing, an active trading market on the NYSE for the Series A Preferred Stock may not develop or, if it does develop, may not last, in which case the market price of the shares of Series A Preferred Stock could be materially and adversely affected. If an active trading market does develop on the NYSE, the shares of Series A Preferred Stock may trade at prices lower than the initial public offering price of such shares. The market price of the shares of Series A Preferred Stock would depend on many factors, including, but not limited to:

prevailing interest rates;

the market for similar securities;

general economic and financial market conditions;

our issuance, as well as the issuance by our subsidiaries, of additional preferred equity or debt securities; and

our financial condition, cash flows, liquidity, results of operations, funds from operations and prospects.

We have been advised by the underwriters that they intend to make a market in the Series A Preferred Stock, but they are not obligated to do so and may discontinue market-making at any time without notice.

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USE OF PROCEEDS

We estimate that the net proceeds of this offering, after deducting the underwriting discount and other estimated offering expenses payable by us, will be approximately \$ million (approximately \$ million if the underwriters exercise their overallotment option in full). We intend to use the net proceeds to purchase additional properties to be owned by us or one or more of our joint ventures and for general corporate purposes, including the possible repayment of indebtedness, which may include repurchasing our 4.625% convertible notes due 2026 and repaying amounts outstanding on our line of credit. Draws under the line of credit accrue interest at a rate equal to (i) LIBOR plus an amount from 2.00% to 2.75%, depending on our then current leverage ratio or (ii) the Alternate Base Rate plus an amount from 1.00% to 1.75%, depending on our then current leverage ratio. "Alternate Base Rate" means a floating rate equal to the highest of (i) KeyBank National Association's prime rate, (ii) one month LIBOR plus 1.0% and (iii) the federal funds effective rate (as announced by the Federal Reserve Bank of Cleveland) plus 0.5%. The line of credit matures on June 21, 2014. The principal amount outstanding on our line of credit as of June 30, 2011 and September 27, 2011 was \$75.0 million and \$65.0 million, respectively. Prior to the full investment of the net proceeds in accordance with our investment strategy, we intend to invest the net proceeds in certificates of deposit, interest-bearing short-term investment grade securities or money-market accounts which are consistent with our intention to qualify as a REIT. These initial investments are expected to provide a lower net return than we will seek to achieve from investments in accordance with our investment strategy.

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The following table sets forth our historical capitalization as of June 30, 2011 and our capitalization on an as adjusted basis to give effect to the completion of this offering and the application of the net proceeds therefor as described under "Use of Proceeds" as if it occurred on June 30, 2011.

June 30, 2011 (\$ in thousands, except per share data)	Actual	Adjustments	Pro Forma As Adjusted⁽¹⁾
Debt:			
Mortgages Payable	\$ 498,142		
Convertible Notes	111,091		
Unsecured credit facilities (including line of credit and term loan)	225,000		
Total debt	\$ 834,233		
Stockholders' equity:			
Series A Preferred Stock, \$0.01 par value per share, shares authorized; no shares issued and outstanding, actual; shares issued and outstanding, pro forma as adjusted (1)			
Common Stock, \$0.01 par value per share, 500,000,000 shares authorized; 88,833,911 shares issued and outstanding, actual and pro forma as adjusted	\$ 888		888
Additional paid in capital	783,956		
Accumulated distributions in excess of net income	(416,417)		(416,417)
Accumulated other comprehensive income (expense)	(453)		(453)
Total stockholders' equity	\$ 367,974		
Non-controlling Interest	(847)		(847)
Total Equity	\$ 367,127		
Total Capitalization	\$ 1,201,360	\$	

(1) Assumes no exercise of the underwriters' over-allotment option for this offering.

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DESCRIPTION OF THE SERIES A PREFERRED STOCK

This description of the Series A Preferred Stock supplements the description of the general terms and provisions of our capital stock, including our preferred stock, contained in the accompanying prospectus. You should consult that general description for further information.

General

We currently are authorized to issue up to 6,000,000 shares of preferred stock, \$0.01 par value per share, in one or more series. Each series will have the designations, powers, preferences, rights, qualifications, limitations or restrictions as the Maryland General Corporation Law (the "MGCL") and the New York Stock Exchange rules may permit and our board of directors may determine by adoption of applicable articles supplementary to our charter.

This summary of the terms and provisions of the Series A Preferred Stock is not complete. Our board of directors will adopt articles supplementary designating the terms of the Series A Preferred Stock, and you may obtain a complete copy of the articles supplementary designating the Series A Preferred Stock by contacting us. In connection with this offering, we will file the articles supplementary with the SEC. Our board of directors may authorize the issuance and sale of additional shares of Series A Preferred Stock from time to time.

We intend to file an application list the Series A Preferred Stock on the NYSE under the symbol "IRCPrA." If listing is approved, we expect trading to commence within 30 days after initial delivery of the shares of Series A Preferred Stock.

The transfer agent, registrar and dividend payment agent for the Series A Preferred Stock is Wells Fargo Bank, N.A.

Ranking

The Series A Preferred Stock ranks senior to our common stock and to any other of our future equity securities that we may later authorize or issue that by their terms rank junior to the Series A Preferred Stock with respect to the payment of dividends or the distribution of assets in the event of our voluntary or involuntary liquidation, dissolution or winding up. The Series A Preferred Stock ranks *pari passu* with any Parity Preferred Stock (i.e., any future equity securities that we may later authorize or issue that by their terms are on a parity with the Series A Preferred Stock). The Series A Preferred Stock ranks junior to any equity securities that we may later authorize or issue that by their terms rank senior to the Series A Preferred Stock with respect to the payment of dividends or the distribution of assets in the event of our voluntary or involuntary liquidation, dissolution or winding up. Any such authorization or issuance of senior securities would require the affirmative vote of the holders of at least two-thirds of the outstanding shares of the Series A Preferred Stock. Any convertible debt securities that we may issue are not considered to be equity securities for these purposes prior to the time of conversion. The Series A Preferred Stock ranks junior to all of our existing and future indebtedness.

Dividends

Holders of the Series A Preferred Stock will be entitled to receive, when and as authorized by our board of directors, out of funds legally available for the payment of dividends, cumulative cash dividends at the rate of % per annum of the \$25.00 per share liquidation preference, equivalent to \$ per annum per share of the Series A Preferred Stock. Such dividends will accumulate on a daily basis and be cumulative from, and including, the first date of issuance, which is expected to be October , 2011, or the immediately preceding dividend payment date, as the case may be, to, but not including, the next succeeding dividend payment date or redemption date, as applicable. Dividends on the Series A Preferred Stock will be payable monthly in equal amounts in arrears on the 15th day of each month. The first dividend payment date for the Series A Preferred Stock sold in this offering will be November 15,

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2011 and the dividend payable on that date will be in the amount of \$ _____ per share. If any date on which dividends are first payable is not a business day, then the dividend may be paid on the next succeeding business day, and no interest or additional dividends or other sums will accrue as a result of any such delay. Dividends payable on the Series A Preferred Stock for any partial period will be computed on the basis of a 360-day year consisting of twelve 30-day months. We will pay dividends to holders of record as they appear in our stock records at the close of business on the applicable record date, which will be the first day of the calendar month in which the applicable dividend payment falls, or such other date as designated by our board of directors for the payment of dividends that is not more than 30 days nor fewer than 10 days prior to the dividend payment date.

Because the first dividend payment date is November 15, 2011, the dividend per share of Series A Preferred Stock payable on that date will be greater than the amount of a regular monthly dividend per share and will be equal to the sum of (1) the regular monthly dividend per share plus (2) a pro rated portion of the regular monthly dividend per share which will be calculated based on the number of days from, and including, the original issue date of the Series A Preferred Stock to, but not including, October 15, 2011 (computed on the basis of a 360-day year consisting of twelve 30-day months). The dividend payable on November 15, 2011 will be paid to the persons who are the holders of record of the Series A Preferred Stock at the close of business on the corresponding record date, which will be November 1, 2011.

Our board of directors will not authorize, and we will not declare or pay, any dividends on the Series A Preferred Stock or set aside funds for the payment of dividends if the terms of any of our agreements, including agreements relating to our indebtedness, prohibit that authorization, declaration, payment or setting aside of funds or provide that the authorization, declaration, payment or setting aside of funds is a breach of or a default under that agreement, or if the authorization, declaration, payment or setting aside of funds is restricted or prohibited by law. We may in the future become a party to agreements that restrict or prevent the payment of dividends on, or the purchase or redemption of, shares of our common stock. Under certain circumstances, these agreements could restrict or prevent the payment of dividends on or the purchase or redemption of shares of Series A Preferred Stock. These restrictions may be indirect (for example, covenants requiring us to maintain specified levels of net worth or assets) or direct. We are not currently party to any agreement that restricts or prevents our ability to pay dividends on the Series A Preferred Stock.

Notwithstanding the foregoing, dividends on the Series A Preferred Stock will accumulate whether or not we have earnings, whether or not there are funds legally available for the payment of dividends and whether or not dividends are authorized. No interest, or sum of money in lieu of interest, shall be payable in respect of any accumulated and unpaid dividends on the Series A Preferred Stock. All of our dividend payments on the Series A Preferred Stock, including any capital gain dividends, will be credited to the previously accumulated dividends on the Series A Preferred Stock. We will credit any dividend payment made on the Series A Preferred Stock first to the earliest accumulated and unpaid dividend payment due.

We will not declare or pay any dividends (other than in common stock or other shares that rank junior to the Series A Preferred Stock), or set aside any funds for the payment of dividends, on our common stock or any other shares that rank on parity with or junior to the Series A Preferred Stock, if any, or redeem or otherwise acquire shares of our common stock or other parity or junior shares (except by conversion into or exchange for other junior shares), unless we also have declared the full cumulative dividends on the Series A Preferred Stock for the current and all past dividend periods. This restriction will not limit our redemption or other acquisition of shares under incentive, benefit or stock purchase plans for officers, directors or employees or others performing or providing similar services or for the purposes of enforcing restrictions upon ownership and transfer of our equity securities contained in our charter in order to preserve our status as a REIT.

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If we do not either pay or set aside for payment the full cumulative dividends on the Series A Preferred Stock and all shares that rank on a parity with the Series A Preferred Stock, the amount which we declare will be allocated pro rata to the Series A Preferred Stock and to each parity series of shares so that the amount declared for each share of Series A Preferred Stock and for each share of each parity series is proportionate to the accumulated and unpaid dividends on those shares.

Liquidation Rights

In the event of our liquidation, dissolution or winding up, the holders of the Series A Preferred Stock will be entitled to be paid out of our assets legally available for distribution to our stockholders a liquidation preference in cash of \$25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date of the payment. Holders of the Series A Preferred Stock will be entitled to receive this liquidation preference before we distribute any assets to holders of our common stock or any other of our equity securities that rank junior to the Series A Preferred Stock. The rights of holders of the Series A Preferred Stock to receive their liquidation preference would be subject to preferential rights of the holders of any series of shares that is senior to the Series A Preferred Stock. Written notice will be given to each holder of the Series A Preferred Stock of any such liquidation no fewer than 30 days and no more than 60 days prior to the payment date stating the payment date when, and the place or places where, the amounts distributable will be payable. After payment of the full amount of the liquidation preference to which they are entitled, the holders of the Series A Preferred Stock will have no right or claim to any of our remaining assets. If we consolidate or merge with any other entity, sell, lease, transfer or convey all or substantially all of our property or business, or engage in a statutory share exchange, we will not be deemed to have liquidated. As of June 30, 2011, we had no shares of preferred stock outstanding. In the event our assets are insufficient to pay the full liquidation preference to the holders of the Series A Preferred Stock and all other classes or series of our equity securities ranking on a parity with the Series A Preferred Stock, if any, then we will distribute our assets to the holders of the Series A Preferred Stock and all other classes or series of parity securities ratably in proportion to the full liquidating dividends they would have otherwise received.

Optional Redemption

We may not redeem shares of the Series A Preferred Stock prior to October , 2016, except as described below under " Special Optional Redemption" and " Restrictions on Ownership and Transfer." On and after October , 2016, upon no fewer than 30 days' nor more than 60 days' written notice, we may, at our option, redeem the Series A Preferred Stock, for cash, in whole or from time to time in part, by paying \$25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date of redemption.

We will give notice of redemption by publication in a newspaper of general circulation in the City of New York and by mail to each holder of record of the Series A Preferred Stock at the address shown on our stock transfer books. A failure to give notice of redemption or any defect in the notice or in its mailing will not affect the validity of the redemption of any shares of Series A Preferred Stock except as to the holders to whom notice was defective. Each notice will state the following:

the redemption date;

the redemption price;

the number of shares of Series A Preferred Stock to be redeemed;

the place or places where the certificates for the shares of Series A Preferred Stock are to be surrendered for payment if the shares are certificated; and

that dividends on the shares of Series A Preferred Stock to be redeemed will cease to accumulate on the redemption date.

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If we redeem fewer than all of the shares of Series A Preferred Stock, the notice of redemption mailed to each holder will also specify the number of shares of Series A Preferred Stock that we will redeem from each holder. In this case, we will determine the number of shares of Series A Preferred Stock to be redeemed on a pro rata basis, by lot or by any other equitable method we may choose in our sole discretion. If redemption is to be by lot and, as a result of such redemption, any person would become a beneficial owner of shares of Series A Preferred Stock in excess of the ownership limits described under " Restrictions on Ownership and Transfer," then, subject to certain exceptions contained in our charter, we will redeem the requisite number of such shares of Series A Preferred Stock so that no person will beneficially own in excess of such ownership limits.

If we have given a notice of redemption and have set aside sufficient funds for the redemption in trust for the benefit of the holders of the Series A Preferred Stock called for redemption, then from and after the redemption date, those shares of Series A Preferred Stock will be treated as no longer being outstanding, no further dividends will accumulate and all other rights of the holders of those shares of Series A Preferred Stock will terminate. The holders of those shares of Series A Preferred Stock will retain their right to receive the redemption price for their shares and any accumulated and unpaid dividends up to, but not including, the redemption date.

The holders of the Series A Preferred Stock at the close of business on a dividend record date will be entitled to receive the dividend payable with respect to the Series A Preferred Stock on the corresponding payment date notwithstanding the redemption of shares of Series A Preferred Stock between such record date and the corresponding payment date or our default in the payment of the dividend due. Except as provided above, we will make no payment or allowance for unpaid dividends, whether or not in arrears, on shares of Series A Preferred Stock to be redeemed.

The Series A Preferred Stock has no stated maturity and will not be subject to any sinking fund or mandatory redemption provisions, except as provided under " Restrictions on Ownership and Transfer" in this prospectus supplement. In order to ensure that we continue to meet the requirements for qualification as a REIT, the shares of Series A Preferred Stock will be subject to the restrictions on ownership and transfer in our charter.

Subject to applicable law, we may purchase shares of Series A Preferred Stock in the open market, by tender or by private agreement. Any shares of Series A Preferred Stock that we redeem will have the status of authorized but unissued preferred stock without designation as to series.

Unless full cumulative dividends on all shares of Series A Preferred Stock have been or contemporaneously are declared and paid or authorized and declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods and the then current dividend period, no shares of Series A Preferred Stock may be redeemed unless all outstanding shares of Series A Preferred Stock are simultaneously redeemed; provided, however, that we may redeem or purchase shares of Series A Preferred Stock as described below under " Restrictions on Ownership and Transfer" in order to ensure that we remain qualified as a REIT for U.S. federal income tax purposes or pursuant to a purchase or exchange offer made on the same terms to holders of all shares of Series A Preferred Stock. In addition, unless full cumulative dividends on all shares of Series A Preferred Stock have been or contemporaneously are authorized and declared and paid or authorized and declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods and the then current dividend period, we may not purchase or otherwise acquire directly or indirectly for any consideration, nor may any monies be paid to or be made available for a sinking fund for the redemption of, any shares of Series A Preferred Stock (except by conversion into or exchange for our equity securities ranking junior to the Series A Preferred Stock as to dividends or upon liquidation); provided, however, that we may purchase or acquire shares of Series A Preferred Stock for the purpose of preserving our status as a REIT or pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series A Preferred Stock.

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Special Optional Redemption

Upon the occurrence of a Change of Control, we may, at our option, redeem the shares of the Series A Preferred Stock, in whole or in part, and within 120 days after the first date on which such Change of Control occurred, by paying \$25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date of redemption. If, prior to the Change of Control Conversion Date, we have provided or provide notice of redemption with respect to shares of the Series A Preferred Stock (whether pursuant to our optional redemption right or our special optional redemption right), the holders of such shares of Series A Preferred Stock will not have the conversion right described below under " Conversion Rights."

We will mail to you, if you are a record holder of the Series A Preferred Stock, a notice of redemption no fewer than 30 days nor more than 60 days before the redemption date. We will send the notice to your address shown on our stock transfer books. A failure to give notice of redemption or any defect in the notice or in its mailing will not affect the validity of the redemption of any shares of Series A Preferred Stock except as to the holders to whom notice was defective. Each notice will state the following:

the redemption date;

the redemption price;

the number of shares of Series A Preferred Stock to be redeemed;

the place or places where the certificates for the shares of Series A Preferred Stock are to be surrendered for payment if the shares are certificated;

that the shares of Series A Preferred Stock are being redeemed pursuant to our special optional redemption right in connection with the occurrence of a Change of Control and a brief description of the transaction or transactions constituting such Change of Control;

that the holders of the shares of Series A Preferred Stock to which the notice relates will not be able to tender such shares of Series A Preferred Stock for conversion in connection with the Change of Control and each share of Series A Preferred Stock tendered for conversion that is selected, prior to the Change of Control Conversion Date, for redemption will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date; and

that dividends on the shares of Series A Preferred Stock to be redeemed will cease to accumulate on the redemption date.

If we redeem fewer than all of the shares of Series A Preferred Stock, the notice of redemption mailed to each holder will also specify the number of shares of Series A Preferred Stock that we will redeem from each holder. In this case, we will determine the number of shares of Series A Preferred Stock to be redeemed on a pro rata basis, by lot or by any other equitable method we may choose. If redemption is to be by lot and, as a result of such redemption, any person would become a beneficial owner of shares of Series A Preferred Stock in excess of the ownership limits described under " Restrictions on Ownership and Transfer," then, subject to certain exceptions contained in our charter, we will redeem the requisite number of such shares of Series A Preferred Stock so that no person will beneficially own in excess of such ownership limits.

If we have given a notice of redemption and have set aside sufficient funds for the redemption in trust for the benefit of the holders of the shares of Series A Preferred Stock called for redemption, then from and after the redemption date, those shares of Series A Preferred Stock will be treated as no longer being outstanding, no further dividends will accumulate and all other rights of the holders of those shares of Series A Preferred Stock will terminate. The holders of those shares of Series A Preferred

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Stock will retain their right to receive the redemption price for their shares and any accumulated and unpaid dividends up to, but not including, the redemption date.

The holders of the Series A Preferred Stock at the close of business on a dividend record date will be entitled to receive the dividend payable with respect to the shares of Series A Preferred Stock on the corresponding payment date notwithstanding the redemption of the shares of Series A Preferred Stock between such record date and the corresponding payment date or our default in the payment of the dividend due. Except as provided above, we will make no payment or allowance for unpaid dividends, whether or not in arrears, on shares of Series A Preferred Stock to be redeemed.

Unless full cumulative dividends on all shares of Series A Preferred Stock have been or contemporaneously are authorized and declared and paid or authorized and declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods and the then current dividend period, no shares of Series A Preferred Stock may be redeemed unless all outstanding shares of Series A Preferred Stock are simultaneously redeemed; provided, however, that we may purchase shares of Series A Preferred Stock as described below under " Restrictions on Ownership and Transfer" in order to ensure that we remain qualified as a REIT for U.S. federal income tax purposes or pursuant to a purchase or exchange offer made on the same terms to holders of all shares of Series A Preferred Stock. In addition, unless full cumulative dividends on all shares of Series A Preferred Stock have been or contemporaneously are authorized and declared and paid or authorized and declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods and the then current dividend period, we may not purchase or otherwise acquire directly or indirectly for any consideration, nor may any monies be paid to or be made available for a sinking fund for the redemption of, any shares of Series A Preferred Stock (except by conversion into or exchange for our equity securities ranking junior to the Series A Preferred Stock as to dividends or upon liquidation); provided, however, that we may purchase or acquire shares of Series A Preferred Stock for the purpose of preserving our status as a REIT for U.S. federal income tax purposes or pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series A Preferred Stock.

Any shares of Series A Preferred Stock that we redeem will have the status of authorized but unissued preferred stock without designation as to series.

A "Change of Control" is when, after the first date of issuance of any shares of Series A Preferred Stock, the following have occurred and are continuing:

the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of shares of our company entitling that person to exercise more than 50% of the total voting power of all shares of our company entitled to vote generally in elections of directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or their equivalent, including ADRs representing such securities) listed on the NYSE, the NYSE Amex or NASDAQ or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE Amex or NASDAQ.

Conversion Rights

Upon the occurrence of a Change of Control, each holder of the Series A Preferred Stock will have the right, unless, prior to the Change of Control Conversion Date, we have provided or provide notice of our election to redeem the Series A Preferred Stock as described under " Redemption" or " Special

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Optional Redemption," to convert some or all of the shares of Series A Preferred Stock held by such holder (the "Change of Control Conversion Right") on the Change of Control Conversion Date into a number of shares of our common stock per share of Series A Preferred Stock (the "Common Stock Conversion Consideration") equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 per share liquidation preference plus the amount of any accumulated and unpaid dividends to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a record date for a Series A Preferred Stock dividend payment and prior to the corresponding Series A Preferred Stock dividend payment date, in which case no additional amount for such accumulated and unpaid dividend will be included in this sum) by (ii) the Common Stock Price (such quotient, the "Conversion Rate"); and

(i.e., the Share Cap).

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

For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of shares of our common stock (or equivalent Alternative Conversion Consideration (as defined below), as applicable) issuable in connection with the exercise of the Change of Control Conversion Right will not exceed _____ shares of common stock (or equivalent Alternative Conversion Consideration, as applicable) (the "Exchange Cap"). The Exchange Cap is subject to pro rata adjustments for any Stock Splits on the same basis as the corresponding adjustment to the Share Cap.

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

If the holders of our common stock had the opportunity to elect the form of consideration to be received in the Change of Control, the consideration that the holders of the Series A Preferred Stock will receive will be the form and proportion of the aggregate consideration elected by the holders of our common stock who participated in the determination (based on the weighted average of elections) and will be subject to any limitations to which all holders of our common stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in the Change of Control.

We will not issue fractional shares of our common stock upon the conversion of shares of Series A Preferred Stock. Instead, we will pay the cash value of such fractional shares.

Within 15 days following the occurrence of a Change of Control, unless we have provided notice of our intention to redeem all of the shares of Series A Preferred Stock, we will provide to holders of the Series A Preferred Stock a notice of occurrence of the Change of Control that describes the resulting

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Change of Control Conversion Right. We will send the notice to your address shown on our stock transfer book. Notice will also be provided to our stock transfer agent. This notice will state the following:

the events constituting the Change of Control;

the date of the Change of Control;

the last date on which the holders of the Series A Preferred Stock may exercise their Change of Control Conversion Right;

the method and period for calculating the Common Stock Price;

the Change of Control Conversion Date;

that if, prior to the Change of Control Conversion Date, we have provided or provide notice of our election to redeem all or any portion of the shares of Series A Preferred Stock, holders will not be able to convert shares of Series A Preferred Stock and such shares will be redeemed on the related redemption date, even if such shares have already been tendered for conversion pursuant to the Change of Control Conversion Right;

if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series A Preferred Stock;

the name and address of the paying agent and the conversion agent; and

the procedures that the holders of the Series A Preferred Stock must follow to exercise the Change of Control Conversion Right.

We will issue a press release for publication on the Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), or post notice on our website, in any event prior to the opening of business on the first business day following any date on which we provide the notice described above to the holders of the Series A Preferred Stock.

To exercise the Change of Control Conversion Right, the holders of the Series A Preferred Stock will be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) representing the shares of Series A Preferred Stock to be converted, duly endorsed for transfer, together with a written conversion notice completed, to our transfer agent. The conversion notice must state:

the relevant Change of Control Conversion Date;

the number of shares of Series A Preferred Stock to be converted; and

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that the shares of Series A Preferred Stock are to be converted pursuant to the applicable provisions of the Series A Preferred Stock.

The "Change of Control Conversion Date" is the date the shares of Series A Preferred Stock are to be converted, which will be a business day that is no fewer than 20 days nor more than 35 days after the date on which we provide the notice described above to the holders of the Series A Preferred Stock.

The "Common Stock Price" will be: (i) the amount of cash consideration per share of common stock, if the consideration to be received in the Change of Control by the holders of our common stock is solely cash; and (ii) the average of the closing prices for our common stock on the NYSE for the 10 consecutive trading days immediately preceding, but not including, the effective date of the Change of Control, if the consideration to be received in the Change of Control by the holders of our common stock is other than solely cash.

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Holders of the Series A Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to our transfer agent prior to the close of business on the business day prior to the Change of Control Conversion Date. The notice of withdrawal must state:

the number of withdrawn shares of Series A Preferred Stock;

if certificated shares of Series A Preferred Stock have been issued, the certificate numbers of the withdrawn shares of Series A Preferred Stock; and

the number of shares of Series A Preferred Stock, if any, which remain subject to the conversion notice.

Notwithstanding the foregoing, if the shares of Series A Preferred Stock are held in global form, the conversion notice and/or the notice of withdrawal, as applicable, must comply with applicable procedures of The Depository Trust Company.

Shares of Series A Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless prior to the Change of Control Conversion Date we have provided or provide notice of our election to redeem such shares of Series A Preferred Stock, whether pursuant to our optional redemption right or our special optional redemption right. If we elect to redeem shares of Series A Preferred Stock that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such shares of Series A Preferred Stock will not be so converted and the holders of such shares will be entitled to receive on the applicable redemption date \$25.00 per share, plus any accumulated and unpaid dividends thereon to, but not including, the redemption date.

We will deliver amounts owing upon conversion no later than the third business day following the Change of Control Conversion Date.

In connection with the exercise of any Change of Control Conversion Right, we will comply with all federal and state securities laws and stock exchange rules in connection with any conversion of shares of Series A Preferred Stock into shares of our common stock. Notwithstanding any other provision of the Series A Preferred Stock, no holder of shares of Series A Preferred Stock will be entitled to convert such shares of Series A Preferred Stock for shares of our common stock to the extent that receipt of such shares of our common stock would cause such holder (or any other person) to exceed the share ownership limits contained in our charter and the articles supplementary setting forth the terms of the Series A Preferred Stock, unless we provide an exemption from this limitation for such holder. See "Restrictions on Ownership and Transfer," below.

These Change of Control conversion and redemption features may make it more difficult for a party to take over our company or discourage a party from taking over our company. See "Risk Factors" The change of control conversion feature may not adequately compensate you, and the change of control conversion and redemption features of the Series A Preferred Stock may make it more difficult for a party to take over our company or discourage a party from taking over our company."

Except as provided above in connection with a Change of Control, the Series A Preferred Stock are not convertible into or exchangeable for any other securities or property.

Voting Rights

Holders of the Series A Preferred Stock will have no voting rights, except as set forth below.

Whenever dividends on the Series A Preferred Stock are due but unpaid for eighteen or more monthly periods, whether or not consecutive (a "Preferred Dividend Default"), the number of directors

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then constituting our board of directors will be increased by two and holders of the Series A Preferred Stock, voting as a single class with the holders of any other Parity Preferred Stock upon which like voting rights have been conferred and are exercisable, will be entitled to vote for the election of two additional directors to serve on our board of directors (the "Preferred Stock Directors") at a special meeting called by the holders of at least 33% of the outstanding shares of the Series A Preferred Stock or the holders of at least 33% of the outstanding shares of any such other series of Parity Preferred Stock if the request is received 90 or more days before the next annual or special meeting of stockholders, or at the next annual or special meeting of stockholders, and at each subsequent annual or special meeting of stockholders until all undeclared and unpaid dividends on the Series A Preferred Stock for the past dividend periods and the then-current dividend period have been paid or declared and set aside for payment in full.

If and when all accumulated dividends in arrears and dividends for the then current dividend period on the Series A Preferred Stock shall have been paid in full or a sum sufficient for such payment is irrevocably deposited in trust for payment, the holders of the Series A Preferred Stock will be divested of the voting rights as described in this section (subject to revesting in the event of each and every Preferred Dividend Default) and, if all accumulated dividends in arrears and the dividends for the then current dividend period have been paid in full or set aside for payment in full on all other classes or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable, the term of office of each Preferred Stock Director so elected will terminate. Any Preferred Stock Director may be removed at any time with or without cause by the vote of, and may not be removed otherwise than by the vote of, the holders of record of a majority of the outstanding shares of the Series A Preferred Stock when they have the voting rights set forth as described in this section (voting together as a single class with all other classes or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable). So long as a Preferred Dividend Default continues, any vacancy in the office of a Preferred Stock Director may be filled by written consent of the Preferred Stock Director remaining in office or, if none remains in office, by a vote of the holders of record of a majority of the outstanding shares of the Series A Preferred Stock when they have the voting rights set forth in this section (voting together as a single class with all other classes or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable). The Preferred Stock Directors will each be entitled to one vote per director on any matter on which the board of directors votes.

So long as any shares of Series A Preferred Stock remain outstanding, we will not, without the affirmative vote of the holders of at least two-thirds of the shares of Series A Preferred Stock outstanding at the time: (i) authorize or create, or increase the number of authorized or issued shares of, any class or series of shares ranking senior to the Series A Preferred Stock with respect to payment of dividends or rights upon liquidation, dissolution or winding up of our company, or reclassify any authorized shares of our company into any such shares, or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such shares; or (ii) amend, alter or repeal the provisions of our charter (including the articles supplementary authorizing the issuance of the Series A Preferred Stock), whether by merger, consolidation or otherwise, in each case in such a way that would materially and adversely affect any right, preference, privilege or voting power of the Series A Preferred Stock; provided, however, that with respect to the occurrence of a merger, consolidation or a sale or lease of all of our assets as an entirety, so long as (a) shares of Series A Preferred Stock remain outstanding with the terms thereof materially unchanged, or (b) the holders of the Series A Preferred Stock receive equity securities with rights, preferences, privileges or voting powers substantially similar, when taken as a whole, to those of the Series A Preferred Stock, then the occurrence of any such event shall not be deemed to materially and adversely affect the rights, privileges or voting powers of the Series A Preferred Stock. In addition, any increase in the number of authorized shares of Series A Preferred Stock or the creation or issuance, or increase in the number of authorized shares, of any other class or series of equity securities ranking on a parity with or junior to the Series A Preferred Stock with respect to payment of dividends or the distribution of assets in the event of our voluntary or

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involuntary liquidation, dissolution or winding up, will not be deemed to materially and adversely affect the rights, preferences, privileges or voting powers of the shares of Series A Preferred Stock.

In any matter in which the shares of Series A Preferred Stock are entitled to vote, each share of Series A Preferred Stock will be entitled to one vote. If the holders of the Series A Preferred Stock and another series of preferred stock, if any, are entitled to vote together as a single class on any matter, the shares of Series A Preferred Stock and the shares of the other series will have one vote for each \$25.00 per share liquidation preference.

Information Rights

During any period in which we are not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and any shares of Series A Preferred Stock are outstanding, we will (i) transmit by mail or other permissible means under the Exchange Act to all holders of the Series A Preferred Stock as their names and addresses appear in our record books and without cost to such holders, copies of the Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) and (ii) within 15 days following written request, supply copies of such reports to any prospective holder of the Series A Preferred Stock. We will mail (or otherwise provide) the reports to the holders of the Series A Preferred Stock within 15 days after the respective dates by which we would have been required to file such reports with the SEC if we were subject to Section 13 or 15(d) of the Exchange Act.

Restrictions on Ownership and Transfer

Our charter and the articles supplementary for the Series A Preferred Stock contain restrictions on ownership and transfer of shares of each separate class of our capital stock, which includes both the Series A Preferred Stock and our common stock. These provisions limit to 9.8% the beneficial ownership of shares of Series A Preferred Stock, as a separate class, by any one person or group of affiliated persons. Our charter also limits to 9.8% the beneficial ownership of our common stock, as a separate class, by any one person or group of affiliated persons. In addition to other consequences provided in our charter, any shares of our capital stock beneficially owned in excess of these ownership restrictions will be deemed to have been offered for sale to us as described in "Description of Capital Stock - Restriction on Transfer, Acquisition and Redemption of Shares of Capital Stock" in the accompanying prospectus.

Notwithstanding any other provision of the Series A Preferred Stock, no holder of the Series A Preferred Stock will be entitled to convert any shares of Series A Preferred Stock into shares of our common stock to the extent that receipt of shares of our common stock would cause such holder or any other person to exceed the ownership restrictions contained in our charter and the articles supplementary for the Series A Preferred Stock. These provisions may limit the ability of holders of the Series A Preferred Stock to convert their shares of Series A Preferred Stock into shares of our common stock.

Our Board of Directors may, in its sole discretion, exempt a person from the 9.8% ownership limits under certain circumstances.

For additional information regarding restrictions on ownership and transfer of the shares of our equity securities, including both the Series A Preferred Stock and our common stock, see "Description of Capital Stock - Restriction on Transfer, Acquisition and Redemption of Shares of Capital Stock" in the accompanying prospectus.

Preemptive Rights

No holders of the Series A Preferred Stock shall, as the holders, have any preemptive rights to purchase or subscribe for shares of our common stock or any other security of our company.

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Book-Entry Procedures

The Depository Trust Company (the "DTC") will act as securities depository for the Series A Preferred Stock. We will issue one or more fully registered global securities certificates in the name of DTC's nominee, Cede & Co. These certificates will represent the total aggregate number of shares of the Series A Preferred Stock. We will deposit these certificates with DTC or a custodian appointed by DTC. We will not issue certificates to you for the shares of Series A Preferred Stock that you purchase, unless DTC's services are discontinued as described below.

Title to book-entry interests in the Series A Preferred Stock will pass by book-entry registration of the transfer within the records of DTC in accordance with its procedures. Book-entry interests in the securities may be transferred within DTC in accordance with procedures established for these purposes by DTC. Each person owning a beneficial interest in the Series A Preferred Stock must rely on the procedures of DTC and the participant through which such person owns its interest to exercise its rights as a holder of the Series A Preferred Stock.

DTC has advised us that it is a limited-purpose trust company organized under the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. Access to the DTC system is also available to others such as securities brokers and dealers, including the underwriters, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Direct and Indirect Participants are on file with the SEC.

When you purchase shares of Series A Preferred Stock within the DTC system, the purchase must be by or through a Direct Participant. The Direct Participant will receive a credit for the shares of Series A Preferred Stock on DTC's records. You, as the actual owner of the shares of Series A Preferred Stock, are the "beneficial owner." Your beneficial ownership interest will be recorded on the Direct and Indirect Participants' records, but DTC will have no knowledge of your individual ownership. DTC's records reflect only the identity of the Direct Participants to whose accounts shares of Series A Preferred Stock are credited.

You will not receive written confirmation from DTC of your purchase. The Direct or Indirect Participants through whom you purchased shares of the Series A Preferred Stock should send you written confirmations providing details of your transactions, as well as periodic statements of your holdings. The Direct and Indirect Participants are responsible for keeping an accurate account of the holdings of their customers like you.

Transfers of ownership interests held through Direct and Indirect Participants will be accomplished by entries on the books of Direct and Indirect Participants acting on behalf of the beneficial owners.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

We understand that, under DTC's existing practices, in the event that we request any action of the holders, or an owner of a beneficial interest in a global security such as you desires to take any action which a holder is entitled to take under our charter, DTC would authorize the Direct Participants

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holding the relevant shares to take such action, and those Direct Participants and any Indirect Participants would authorize beneficial owners owning through those Direct and Indirect Participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Any redemption notices with respect to the Series A Preferred Stock will be sent to Cede & Co. If less than all of the shares of Series A Preferred Stock are being redeemed, DTC will reduce each Direct Participant's holdings of shares of Series A Preferred Stock in accordance with its procedures.

In those instances where a vote is required, neither DTC nor Cede & Co. itself will consent or vote with respect to the shares of Series A Preferred Stock. Under its usual procedures, DTC would mail an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants whose accounts the shares of Series A Preferred Stock are credited to on the record date, which are identified in a listing attached to the omnibus proxy.

Dividends on the Series A Preferred Stock will be made directly to DTC's nominee (or its successor, if applicable). DTC's practice is to credit participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on that payment date.

Payments by Direct and Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name." These payments will be the responsibility of the participant and not of DTC, us or any agent of ours.

DTC may discontinue providing its services as securities depository with respect to the Series A Preferred Stock at any time by giving reasonable notice to us. Additionally, we may decide to discontinue the book-entry only system of transfers with respect to the shares of Series A Preferred Stock. In that event, we will print and deliver certificates in fully registered form for shares of Series A Preferred Stock. If DTC notifies us that it is unwilling to continue as securities depository, or it is unable to continue or ceases to be a clearing agency registered under the Exchange Act and a successor depository is not appointed by us within 90 days after receiving such notice or becoming aware that DTC is no longer so registered, we will issue shares of Series A Preferred Stock in definitive form, at our expense, upon registration of transfer of, or in exchange for, such global security.

According to DTC, the foregoing information with respect to DTC has been provided to the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

Global Clearance and Settlement Procedures

Initial settlement for the shares of Series A Preferred Stock will be made in immediately available funds. Secondary market trading among DTC's Participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System.

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UNDERWRITING

Subject to the terms and conditions contained in an underwriting agreement between us and the underwriters named below, for whom Wells Fargo Securities, LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated are acting as representatives, we have agreed to sell to the underwriters, and the underwriters have agreed, severally and not jointly, to purchase from us, the respective number of shares of Series A Preferred Stock shown opposite their names below:

Underwriter	Number of Shares
Wells Fargo Securities, LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Total	

The underwriters have agreed, severally and not jointly, to purchase all of the shares of Series A Preferred Stock sold under the underwriting agreement if any of those shares of Series A Preferred Stock are purchased, other than those shares of Series A Preferred Stock covered by the overallotment option described below.

We have agreed to indemnify the underwriters and their respective controlling persons against specified liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares of Series A Preferred Stock, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by counsel and other conditions such as the receipt by the underwriters of officers' certificates, comfort letters and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

At our request, the underwriters have reserved for sale, at the public offering price, up to _____ shares of Series A Preferred Stock offered hereby to be sold to certain of our directors, officers (who may purchase them directly or through entities they own and control) and other affiliates who have expressed an interest in purchasing shares of Series A Preferred Stock in the offering. None of our directors, officers or affiliates have entered into any binding commitments to purchase shares of Series A Preferred Stock. The number of shares of Series A Preferred Stock available for sale to the general public will be reduced to the extent such persons or entities purchase such reserved shares. Any reserved shares of Series A Preferred Stock which are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered hereby.

We expect that delivery of the shares of Series A Preferred Stock will be made against payment therefor on or about October _____, 2011, which will be the fifth business day following the date of this prospectus supplement (this settlement date being referred to as "T+5"). Under Rule 15c6-1 of the SEC under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to that trade expressly agree otherwise. Accordingly, purchasers who wish to trade the shares of Series A Preferred Stock on the date of this prospectus supplement or the immediately succeeding business day will be required, by virtue of the fact that the shares of Series A Preferred Stock initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisors.

Commissions and Discounts

The representatives have advised us that they propose initially to offer the shares of Series A Preferred Stock to the public at the public offering price appearing on the cover page of this prospectus

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supplement and to dealers at that price less a concession not in excess of \$ _____ per share. The underwriters may allow, and the dealers may reallow, a discount not in excess of \$ _____ per share to other dealers. After the initial offering, the public offering price and other selling terms may be changed.

The following table shows the per share and total public offering price, the underwriting discount and proceeds before expenses to us. This information assumes either no exercise or full exercise by the underwriters of their overallotment option described below.

	Per Share	Total	
		Without Option	With Option
Public offering price	\$ _____	\$ _____	\$ _____
Underwriting discount	\$ _____	\$ _____	\$ _____
Proceeds, before expenses, to us	\$ _____	\$ _____	\$ _____

The expenses of the offering, exclusive of the underwriting discount, are estimated at approximately \$ _____ and are payable by us.

Overallotment Option

We have granted an option to the underwriters to purchase up to _____ additional shares of Series A Preferred Stock at the public offering price appearing on the cover page of this prospectus supplement, less the underwriting discount, solely to cover overallotments. To the extent this option is exercised, each underwriter will become obligated, subject to conditions, to purchase a number of additional shares of Series A Preferred Stock approximately proportionate to that underwriter's initial purchase commitment. The underwriters may exercise this option for 30 days from the date of this prospectus supplement. If any additional shares of Series A Preferred Stock are purchased, the underwriters will offer the additional shares of Series A Preferred Stock on the same terms as those on which the _____ shares of Series A Preferred Stock are being offered.

No Sales of Series A Preferred Stock

We have agreed that, for a period of 30 days after the date of this prospectus supplement and subject to certain exceptions, we will not, directly or indirectly, without the prior written consent of the representatives, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or lend or otherwise transfer or dispose of any shares of Series A Preferred Stock or any securities convertible into or exercisable or exchangeable for or repayable with shares of Series A Preferred Stock, whether owned as of the date hereof or hereafter acquired or with respect to which we have acquired or hereafter acquire the power of disposition, or file, or cause to be filed, any registration statement under the Securities Act with respect to any of the foregoing (collectively, the "Lock-Up Securities") or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Lock-Up Securities, whether any such swap, agreement or transaction is to be settled by delivery of shares of Series A Preferred Stock or other securities, in cash or otherwise.

New York Stock Exchange Listing

No market currently exists for the Series A Preferred Stock. We intend to file an application to list the Series A Preferred Stock on the NYSE under the symbol "IRCPRA." If listing is approved, we expect trading to commence within 30 days after initial delivery of the shares of Series A Preferred Stock. The underwriters have advised us that they intend to make a market in the Series A Preferred Stock before commencement of trading on the NYSE. They will have no obligation to make a market in the Series A Preferred Stock, however, and may cease market-making activities, if commenced, at any time.

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Price Stabilization and Short Positions

Until the distribution of the shares of Series A Preferred Stock is completed, SEC rules may limit the ability of the underwriters to bid for or purchase shares of Series A Preferred Stock. However, the representatives may engage in transactions that stabilize the price of the shares of Series A Preferred Stock, such as bids or purchases to peg, fix or maintain that price.

If the underwriters create a short position in the shares of Series A Preferred Stock in connection with this offering, i.e., if they sell more shares of Series A Preferred Stock than are listed on the cover page of this prospectus supplement, the underwriters may reduce that short position by purchasing shares of Series A Preferred Stock in the open market. The underwriters may also elect to reduce any short position by exercising all or part of the overallotment option described above. Purchases of shares of Series A Preferred Stock to stabilize the per share price or to reduce a short position may cause the price of shares of Series A Preferred Stock to be higher than it might be in the absence of those purchases.

Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the shares of Series A Preferred Stock. In addition, neither we nor the underwriters make any representation that the underwriters will engage in those transactions or that those transactions, once commenced, will not be discontinued without notice.

United Kingdom

Each underwriter shall be deemed to have represented, warranted and agreed that:

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of the shares of Series A Preferred Stock in circumstances in which Section 21(1) of the FSMA does not apply to our company; and

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of Series A Preferred Stock in, from or otherwise involving the United Kingdom.

This prospectus supplement is only being distributed to, and is only directed at, (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, unincorporated associations and other persons, falling within Article 49(2)(a) to (d) of the Order or (iv) other persons to whom it may be lawfully communicated in accordance with the Order (all such persons together being referred to as "relevant persons"). The shares of Series A Preferred Stock are only available to, and investment activity will only be engaged in with, relevant persons. Any person that is not a relevant person should not act or rely on this prospectus supplement or any of its contents.

European Economic Area

In relation to each Member State of the European Economic Area (the "EEA") that has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer to the public of any shares of the Series A Preferred Stock that are the subject of the offering contemplated in this prospectus supplement may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any shares of the Series A Preferred Stock may be made at any time under

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the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) at anytime to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than "qualified investors," as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the underwriters; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Series A Preferred Stock shall result in a requirement for us or the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of the Series A Preferred Stock to the public" in relation to the Series A Preferred Stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Series A Preferred Stock to be offered so as to enable an investor to decide to purchase the Series A Preferred Stock, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Other Relationships

The underwriters and their respective affiliates have engaged in, and may in the future engage in, investment banking, commercial banking and other commercial dealings in the ordinary course of business with us and our affiliates, for which they have received and may continue to receive customary fees and commissions. We may use the net proceeds of this offering for the repayment indebtedness. Affiliates of certain of the underwriters are lenders under our line of credit and our term loan. These affiliates may receive a portion of the net proceeds of this offering proportionate to their respective commitments under the line of credit and term loan. Additionally, Wells Fargo Bank, N.A., an affiliate of Wells Fargo Securities, LLC, acts as our transfer agent.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of us or our affiliates. If the underwriters or their affiliates have a lending relationship with us, they routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, the underwriters and their affiliates would hedge such exposure by entering into transactions, which consist of either the purchase of credit default swaps or the creation of short positions in our securities. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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EXPERTS

The consolidated financial statements and the related financial statement schedule of Inland Real Estate Corporation as of December 31, 2010 and 2009, and for each of the years in the three-year period ended December 31, 2010, and management's assessment of the effectiveness of internal controls over financial reporting as of December 31, 2010, have been incorporated by reference herein and in the accompanying prospectus in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein and in the accompanying prospectus, and upon the authority of said firm as experts in accounting and auditing.

LEGAL MATTERS

Shefsky & Froelich Ltd. has passed upon certain tax matters for us, including those described under "Material United States Federal Income Tax Considerations" in the accompanying prospectus. Certain legal matters with respect to the validity of the securities offered under this prospectus supplement will be passed upon for us by Venable LLP, Baltimore, Maryland. Sidley Austin LLP, New York, New York, will act as counsel to the underwriters. Certain shareholders of Shefsky & Froelich and their families own collectively less than 0.1% of our common stock.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The documents listed below have been filed by us under the Exchange Act, with the SEC and are incorporated by reference in this prospectus supplement:

our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed with the SEC on February 28, 2011;

the information specifically incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2010 from our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 29, 2011;

our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, filed with the SEC on May 9, 2011;

our Quarterly Report on Form 10-Q for the quarter ended June 30, 2011, filed with the SEC on August 8, 2011;

our Current Reports on Form 8-K filed with the SEC on January 13, 2011, January 14, 2011, January 18, 2011, February 17, 2011, March 17, 2011, March 17, 2011, April 6, 2011, April 11, 2011, April 18, 2011, May 5, 2011, May 17, 2011, June 7, 2011, June 17, 2011, June 20, 2011, June 29, 2011, July 12, 2011, July 18, 2011, August 3, 2011, August 17, 2011, September 15, 2011, September 19, 2011 and September 23, 2011 (not including any information furnished under Items 2.02 or 7.01 of Form 8-K, including related exhibits, which information is not incorporated by reference herein); and

the description of our common stock contained in our Registration Statement on Form 8-A filed with the SEC on May 17, 2004.

We are also incorporating by reference into this prospectus supplement all documents that we have filed or will file with the SEC as prescribed by Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act since the date of this prospectus supplement and prior to the termination of the sale of the securities offered by this prospectus supplement.

This means that important information about us appears or will appear in these documents and will be regarded as appearing in this prospectus supplement. To the extent that information appearing in a document filed later is inconsistent with prior information, the later statement will control and the

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prior information, except as modified or superseded, will no longer be a part of this prospectus supplement.

Copies of all documents which are incorporated by reference in this prospectus supplement and the prospectus (not including the exhibits to such information, unless such exhibits are specifically incorporated by reference) will be provided without charge to each person, including any beneficial owner of the securities offered by this prospectus supplement, to whom this prospectus supplement or the prospectus is delivered, upon written or oral request. Requests should be directed to Inland Real Estate Corporation, Attention: Investor Relations, 2901 Butterfield Road, Oak Brook, Illinois 60523 (telephone (630) 218-8000). You may also obtain copies of these filings, at no cost, by accessing our website at <http://www.inlandrealestate.com>; however, the information found on our website is not considered part of this prospectus supplement or the prospectus.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a shelf registration statement under the Securities Act with respect to the securities offered hereunder. As permitted by the rules and regulations of the SEC, this prospectus supplement and the accompanying prospectus do not contain all the information set forth in the registration statement. For further information regarding our company and our securities, please refer to the registration statement and the contracts, agreements and other documents filed as exhibits to the registration statement. Additionally, we file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. Our SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, DC 20549.

You may also obtain copies of our SEC filings at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, DC 20549. Please call 1-800-SEC-0330 for further information on the operations at the public reference room. Our SEC filings are also available at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

Statements contained in this prospectus supplement as to the contents of any contract or other document are not necessarily complete, and in each instance reference is made to the copy of that contract or other document filed as an exhibit to the registration statement, each such statement being qualified in all respects by that reference and the exhibits and schedules thereto. For further information about us and the securities offered by this prospectus supplement, you should refer to the registration statement and such exhibits and schedules which may be obtained from the SEC at its principal office in Washington, D.C. upon payment of any fees prescribed by the SEC.

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PROSPECTUS

Inland Real Estate Corporation
Debt Securities, Preferred Stock,
Depository Shares, Common Stock and Securities Warrants

We may from time to time offer the following securities on terms to be determined at the time of the offering:

debt securities;

warrants to purchase debt securities;

shares of our preferred stock;

warrants to purchase shares of our preferred stock;

shares of our common stock;

warrants to purchase shares of our common stock; and

depository shares.

Our common stock is traded on the New York Stock Exchange under the symbol "IRC." We will make applications to list any shares of common stock sold pursuant to a supplement to this prospectus on the NYSE. We have not determined whether we will list any other securities we may offer on any exchange or over-the-counter market. If we decide to seek listing of any securities, the supplement to this prospectus will disclose the exchange or market.

We collectively refer to the common stock warrants, the debt securities warrants and the preferred stock warrants in this prospectus as the securities warrants. We collectively refer to the debt securities, the preferred stock, the common stock, the securities warrants and the depository shares in this prospectus as the securities. Our debt securities, preferred stock, depository shares representing shares of preferred stock, common stock and securities warrants may be offered separately, together or as units, in separate classes or series, in amounts, at prices and on terms to be set forth in a supplement to this prospectus. When we offer securities, we will provide specific terms of such securities in supplements to this prospectus.

In addition, the specific terms may include limitations on direct or beneficial ownership and restrictions on transfer of the securities offered by this prospectus, in each case as may be appropriate to preserve our status as a real estate investment trust, or REIT, for federal income tax purposes.

The securities offered by this prospectus may be offered directly, through agents designated from time to time by us, or to or through underwriters or dealers. If any agents or underwriters are involved in the sale of any of the securities offered by this prospectus, their names, and

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any applicable purchase price, fee, commission or discount arrangement between or among them, will be set forth, or will be calculable from the information set forth, in the applicable prospectus supplement. None of the securities offered by this prospectus may be sold without delivery of the applicable prospectus supplement describing the method and terms of the offering of those securities.

Each prospectus supplement will also contain information, where applicable, about United States federal income tax considerations and any legend or statement required by state law or the Securities and Exchange Commission.

Investing in our securities involves risks. See "Risk Factors" on page 2.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is September 23, 2011

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We have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus, any applicable prospectus supplement or any free writing prospectus filed by the Company. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus, any applicable prospectus supplement or any such free writing prospectus. This prospectus, any applicable prospectus supplement or any such free writing prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which they relate, nor do this prospectus, any applicable prospectus supplement or any such free writing prospectus constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information contained in this prospectus, any applicable prospectus supplement or any such free writing prospectus and the documents incorporated by reference herein or therein is accurate only as of their respective dates. When we deliver this prospectus, any applicable prospectus supplement or any such free writing prospectus or make a sale pursuant to this prospectus, any applicable prospectus supplement or any such free writing prospectus, we are not implying that the information is current as of the date of the delivery or sale.

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When used in this prospectus "the Company," "we," "us," or "our" refers to Inland Real Estate Corporation and its direct and indirect subsidiaries on a consolidated basis.

ABOUT THIS PROSPECTUS

This prospectus is part of an automatic shelf registration statement that we filed with the Securities and Exchange Commission, or "SEC," as a "well-known seasoned issuer" as defined in Rule 405 under the Securities Act of 1933, as amended, or the "Securities Act." Under the automatic shelf registration process, we may, over time, sell any combination of the securities described in this prospectus or in any applicable prospectus supplement in one or more offerings. This prospectus provides you with a general description of the securities we may offer. As allowed by SEC rules, this prospectus does not contain all the information you can find in the registration statement or the exhibits to the registration statement. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. A prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading "Where You Can Find More Information" before considering an investment in the securities offered by that prospectus supplement.

ABOUT US

We are a Maryland corporation formed on May 12, 1994. We are a self-managed, publicly traded real estate investment trust ("REIT") that owns and operates neighborhood, community, power and single tenant retail centers. We also may construct or develop properties or render services in connection with such development or construction. As of June 30, 2011, we owned interests in 163 investment properties, including 29 owned through our unconsolidated joint ventures. Our development joint venture properties are not included as investment properties until they reach what we believe is a stabilized occupancy rate.

We engage in certain activities through Inland Venture Corporation and Inland Exchange Venture Corporation, each of which is a wholly owned taxable REIT subsidiary ("TRS") entity. These entities engage in activities that produce income that otherwise would not be REIT qualifying income, such as managing properties owned by ventures in which we are not a partner. The TRS entities are subject to federal and state income and franchise taxes from these activities.

We have qualified and elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code") for U.S. federal income tax purposes commencing with the tax year ended December 31, 1995. Since we qualify for taxation as a REIT, we generally are not subject to U.S. federal income tax on taxable income that is distributed to stockholders. As a REIT, we are subject to a number of organizational and operational requirements, including a requirement that we distribute at least 90% of our taxable income to our stockholders, subject to certain adjustments. If we fail to qualify as a REIT in any taxable year, without the benefit of certain relief provisions, we will be subject to federal and state income taxes on our taxable income at regular corporate tax rates. Even if we qualify for taxation as a REIT, we may be subject to certain state and local taxes on our income, property or net worth and federal income and excise taxes on our undistributed income.

Our principal executive offices are located at 2901 Butterfield Road, Oak Brook, Illinois 60523, and our telephone number at that address is (630) 218-8000. Our web site is located at www.inlandrealestate.com. We also post our key corporate governance documents, including our board committee charters, our ethics policy and our principles of corporate governance on this web site. The information on, or linked to from, the web site is not part of and is not incorporated by reference into this prospectus.

Table of Contents**RISK FACTORS**

Investing in our securities involves various risks. Before making an investment decision, you should carefully consider any risk factors set forth in the applicable prospectus supplement and the documents incorporated by reference in this prospectus and the applicable prospectus supplement, as well as other information we include or incorporate by reference in this prospectus and the applicable prospectus supplement, including the risks described in our Annual Report on Form 10-K for the fiscal year ended on December 31, 2010, subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K, as well as other information and data set forth in this prospectus and the documents incorporated by reference herein.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated.

The ratio of earnings to fixed charges is computed by dividing: (1) income (loss) before income taxes, plus fixed charges; by (2) fixed charges. Fixed charges consist of interest expense on borrowings, including amortization of deferred financing charges and the portion of operating lease rental expense that is representative of the interest factor. We have not previously issued any preferred stock and therefore there are no preferred stock dividends included in the fixed charges for these periods.

	Six Months Ended June 30,		Year Ended December 31,				
	2011	2010	2010	2009	2008	2007	2006
	(Unaudited)						
Ratio of earnings to fixed charges	0.82x	0.62x	1.13x	1.63x	1.55x	1.80x	1.98x

STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

In addition to historical information, we have made forward-looking statements in this prospectus and the documents incorporated by reference within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including those pertaining to anticipated closings of transactions and uses of proceeds and our capital resources, portfolio performance and results of operations. Forward-looking statements involve numerous risks and uncertainties and should not be relied upon as predictions of future events and there can be no assurance that the events or circumstances reflected in these statements will be achieved or will occur. You can identify forward-looking statements by the use of forward-looking terminology including "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "estimates," or "anticipates" or the negative of these words and phrases or other variations of these words and phrases or comparable terminology, or by discussions of strategy, plans or intentions. Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and may be incapable of being realized.

The factors that could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements include those set forth in the risk factors incorporated by reference in this prospectus and any accompanying prospectus supplement from our most recent Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K. You are cautioned not to place undue reliance on forward-looking statements, which reflect only our management's analysis. We assume no obligation to update forward-looking statements.

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USE OF PROCEEDS

Unless otherwise described in the applicable prospectus supplement, we intend to use the net proceeds from the sale of the securities offered by this prospectus for general corporate purposes. If we identify any specific use for the net proceeds from the sale of securities, we will describe such use in the accompanying prospectus supplement.

DESCRIPTION OF DEBT SECURITIES

We may issue debt securities under one or more trust indentures to be executed by us and a specified trustee. The terms of the debt securities will include those stated in the indenture and those made a part of the indenture by reference to the Trust Indenture Act of 1939. The indentures will be qualified under the Trust Indenture Act.

The following description sets forth certain anticipated general terms and provisions of the debt securities to which any prospectus supplement may relate. The particular terms of the debt securities offered by any prospectus supplement (which terms may be different than those stated below) and the extent, if any, to which such general provisions may apply to the debt securities so offered will be described in the prospectus supplement relating to such debt securities. Accordingly, for a description of the terms of a particular issue of debt securities, investors should review both the prospectus supplement relating thereto and the following description. A form of the indenture (as discussed herein) has been filed as an exhibit to the registration statement of which this prospectus is a part.

General

The debt securities will be our direct obligations and may be either senior debt securities or subordinated debt securities. The indebtedness represented by subordinated securities will be subordinated in right of payment to the prior payment in full of our senior debt (as defined in the applicable indenture).

Except as set forth in the applicable indenture and described in a prospectus supplement relating thereto, the debt securities may be issued without limit as to aggregate principal amount, in one or more series, secured or unsecured, in each case as established from time to time in or pursuant to authority granted by a resolution of the board of directors or as established in the applicable indenture. All debt securities of one series need not be issued at the same time and, unless otherwise provided, a series may be reopened, without the consent of the holders of the debt securities of such series, for issuance of additional debt securities of such series.

The prospectus supplement relating to any series of debt securities being offered will contain their specific terms, including, without limitation:

their title and whether they are senior securities or subordinated securities;

their initial aggregate principal amount and any limit on their aggregate principal amount;

the percentage of the principal amount at which they will be issued and, if other than 100% of the principal amount, the portion of the principal amount payable upon declaration of acceleration of their maturity;

the terms, if any, upon which they may be convertible into shares of our common stock or preferred stock and the terms and conditions upon which a conversion will be effected, including the initial conversion price or rate and the conversion period;

if convertible, the portion of the principal amount that is convertible into common stock or preferred stock, or the method by which any portion will be determined;

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if convertible, any applicable limitations on the ownership or transferability of the common stock or preferred stock into which they are convertible;

the date or dates, or the method for determining the date or dates, on which the principal will be payable;

the rate or rates (which may be fixed or variable), or the method for determining the rate or rates, at which they will bear interest, if any;

the date or dates, or the method for determining the date or dates, from which any interest will accrue, the interest payment dates on which any interest will be payable, the regular record dates for the interest payment dates, or the method by which the date will be determined, the person to whom the interest will be payable, and the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months;

the place or places where the principal of (and premium, if any) and interest, if any, will be payable, where they may be surrendered for conversion or registration of transfer or exchange and where notices or demands to or upon us may be served;

the period or periods within which, the price or prices at which and the terms and conditions upon which they may be redeemed, as a whole or in part, at our option, if we are to have the option;

our obligation, if any, to redeem, repay or purchase them pursuant to any sinking fund or analogous provision or at the option of a holder, and the period or periods within which, the price or prices at which and the terms and conditions upon which they will be redeemed, repaid or purchased, as a whole or in part, pursuant to this obligation;

if other than U.S. dollars, the currency or currencies in which they are denominated and payable, which may be a foreign currency or units of two or more foreign currencies or a composite currency or currencies, and the related terms and conditions;

whether the payments of principal of (and premium, if any) or interest, if any, may be determined with reference to an index, formula or other method (which index, formula or method may, but need not be, based on a currency, currencies, currency unit or units or composite currencies) and the manner in which the amounts will be determined;

any additions to, modifications of or deletions from their terms with respect to the events of default or covenants set forth in the indenture;

any provisions for collateral security for their repayment;

whether they will be issued in certificated or book-entry form;

whether they will be in registered or bearer form and, if in registered form, the denominations if other than \$1,000 and any integral multiple thereof and, if in bearer form, the denominations and related terms and conditions;

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the applicability, if any, of defeasance and covenant defeasance provisions of the applicable indenture;

whether and under what circumstances we will pay additional amounts as contemplated in the applicable indenture in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem them in lieu of making the payment; and

any other terms and any deletions from or modifications or additions to the applicable indenture.

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The debt securities may provide for less than the entire principal amount thereof to be payable upon declaration of acceleration of the maturity thereof. Special federal income tax, accounting and other considerations applicable to debt securities will be described in the applicable prospectus supplement.

The applicable indenture may contain provisions that would limit our ability to incur indebtedness or that would afford holders of debt securities protection in the event of a highly leveraged or similar transaction involving us or in the event of a change of control.

Restrictions on ownership and transfer of our common stock and preferred stock are designed to preserve our status as a REIT and, therefore, may act to prevent or hinder a change of control. See "Restrictions on Transfer, Acquisition and Redemption of Shares." Investors should review the applicable prospectus supplement for information with respect to any deletions from, modifications of or additions to the events of default or covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

Merger, Consolidation or Sale

The applicable indenture will provide that we may consolidate with, or sell, lease or convey all or substantially all of our assets to, or merge with or into, any other corporation, provided that:

we are the continuing corporation, or the successor corporation (if other than IRC) formed by or resulting from any consolidation or merger or which has received the transfer of our assets will be organized and existing under U.S. or state law and expressly assumes payment of the principal of (and premium, if any), and interest on, all of the applicable debt securities and the due and punctual performance and observance of all of the covenants and conditions contained in the applicable indenture;

immediately after giving effect to the transaction and treating any indebtedness which becomes our obligation or the obligation of any subsidiary as a result thereof as having been incurred by us or such subsidiary at the time of the transaction, no event of default under the applicable indenture, and no event which, after notice or the lapse of time, or both, would become an event of default, will have occurred and be continuing; and

an officer's certificate and legal opinion covering these conditions will be delivered to the trustee.

Covenants

The applicable indenture will contain covenants requiring us to take certain actions and prohibiting us from taking certain actions. The covenants with respect to any series of debt securities will be described in the applicable prospectus supplement.

Events of Default, Notice and Waiver

Each indenture will describe specific "events of default" with respect to a series of debt securities issued under the indenture. These "events of default" are likely to include (with grace and cure periods):

our failure to pay any installment of interest;

our failure to pay their principal (or premium, if any) at their maturity;

our failure to make any required sinking fund payment;

our breach of any other covenant or warranty contained in the applicable indenture (other than a covenant added to the indenture solely for the benefit of a different series of debt securities); and

certain events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee of us or any substantial part of our property.

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If an event of default under any indenture with respect to debt securities of any series at the time outstanding occurs and is continuing, then the applicable trustee or the holders of not less than 25% of the principal amount of the outstanding debt securities of that series may declare the principal amount (or, if the debt securities of that series are original issue discount securities or indexed securities, such portion of the principal amount as may be specified in the terms thereof) of all the debt securities of that series to be due and payable immediately by written notice thereof to us (and to the applicable trustee if given by the holders). However, at any time after such a declaration of acceleration with respect to debt securities of such series (or of all debt securities then outstanding under any indenture, as the case may be) has been made, but before a judgment or decree for payment of the money due has been obtained by the applicable trustee, the holders of not less than a majority in principal amount of outstanding debt securities of such series (or of all debt securities then outstanding under the applicable indenture, as the case may be) may rescind and annul such declaration and its consequences if:

we shall have deposited with the applicable trustee all required payments of the principal of (and premium, if any) and interest on the debt securities of such series (or of all debt securities then outstanding under the applicable indenture, as the case may be), plus certain fees, expenses, disbursements and advances of the applicable trustee; and

all events of default, other than the non-payment of accelerated principal (or specified portion thereof), with respect to debt securities of such series (or of all debt securities then outstanding under the applicable indenture, as the case may be) have been cured or waived as provided in such indenture.

Each indenture also will provide that the holders of not less than a majority in principal amount of the outstanding debt securities of any series (or of all debt securities then outstanding under the applicable indenture, as the case may be) may waive any past default with respect to the series and its consequences, except a:

payment default; or

covenant default that cannot be modified or amended without the consent of the holder of each outstanding debt security affected thereby.

Each trustee will be required to give notice to the holders of debt securities within a certain number of days of a default under the applicable indenture unless the default has been cured or waived; provided, however, that the trustee may withhold notice to the holders of any series of debt securities of any default with respect to the series (except a default in the payment of the principal of (or premium, if any) or interest on any debt security of the series or in the payment of any sinking fund installment in respect of any debt security of the series) if specified responsible officers of the trustee consider withholding the notice to be in the interest of the holders.

Each indenture will prohibit the holders of debt securities of any series from instituting any proceedings, judicial or otherwise, with respect to the indenture or for any remedy thereunder, except in the case of failure of the applicable trustee, for a certain period of time after the trustee has received a written request to institute proceedings in respect of an event of default from the holders of not less than a majority in principal amount of the outstanding debt securities of such series, as well as the furnishing of indemnity reasonably satisfactory to it. This provision will not prevent any holder of debt securities from instituting a suit to enforce the payment of the principal of (and premium, if any) and interest on the debt securities at the respective due dates thereof.

Subject to indenture, no trustee will be under any obligation to exercise any of its rights or powers under an indenture at the request or direction of any holders of any series of debt securities then outstanding, unless the holders furnish the trustee thereunder reasonable security or indemnity. The holders of not less than a majority in principal amount of the outstanding debt securities of any series

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(or of all debt securities then outstanding under an indenture, as the case may be) will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the applicable trustee, or of exercising any trust or power conferred upon the trustee. However, a trustee may refuse to follow any direction which is in conflict with any law or the applicable indenture, which may involve the trustee in personal liability or which may be unduly prejudicial to the holders of debt securities of such series not joining therein.

Within a certain period of time of the close of each fiscal year, we will be required to deliver to each trustee, a certificate, signed by one of several specified officers, stating whether or not the officer has knowledge of any default under the applicable indenture and, if so, specifying each default and the nature and status thereof.

Modification of the Indenture

The indenture will likely be modified or amended, with the consent of the holders of not less than a majority in principal amount of each series of the outstanding debt securities issued under the indenture affected by the modification or amendment, provided that no modification or amendment may, without the consent of each affected holder of the debt securities:

change the stated maturity date of the principal of (or premium, if any) or any installment of interest, if any, on the debt securities;

reduce the principal amount of (or premium, if any) or the interest, if any, on the debt securities or the principal amount due upon acceleration of an original issue discount security;

change the place or currency of payment of principal of (or premium, if any) or interest, if any, on the debt securities;

impair the right to institute suit for the enforcement of any payment on or with respect to the debt securities;

reduce the above-stated percentage of holders of the debt securities necessary to modify or amend the indenture; or

modify the foregoing requirements or reduce the percentage of the outstanding debt securities necessary to waive compliance with certain provisions of the indenture or for waiver of certain defaults.

A record date may be set for any act of the holders with respect to consenting to any amendment.

The holders of not less than a majority in principal amount of the outstanding debt securities of each series affected thereby will have the right to waive our compliance with certain covenants in the indenture. Each indenture will contain provisions for convening meetings of the holders of debt securities of a series to take permitted action. Under certain circumstances, we and the trustee may make modifications and amendments to an indenture without the consent of any holders of outstanding debt securities.

Redemption of Debt Securities

The debt securities may be redeemed at any time at our option, in whole or in part, to protect our status as a REIT. The debt securities will also be subject to optional or mandatory redemption on terms and conditions described in the applicable prospectus supplement.

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Conversion of Debt Securities

The terms and conditions, if any, upon which any debt securities are convertible into shares of our common stock or preferred stock will be set forth in the applicable prospectus supplement relating thereto. The terms will include:

whether the debt securities are convertible into shares of our common stock or preferred stock;

the conversion price (or the manner of calculating the price);

the conversion period;

the events requiring an adjustment to the conversion price and provisions affecting conversion if the debt securities are redeemed; and

any restrictions on conversion.

Subordination

Upon any distribution to our creditors in a liquidation, dissolution or reorganization, the payment of the principal of and interest on any subordinated securities will be subordinated to the extent provided in the applicable indenture to the prior payment in full of all senior securities. No payment of principal or interest will be permitted to be made on subordinated securities at any time if any payment default or any other default which permits accelerations exists. After all senior securities are paid in full and until the subordinated securities are paid in full, holders of subordinated securities will be subrogated to the right of holders of senior securities to the extent that distributions otherwise payable to holders of subordinated securities have been applied to the payment of senior securities. By reason of any subordination, in the event of a distribution of assets upon our insolvency, some of our general creditors may recover more, ratably, than holders of subordinated securities. The accompanying prospectus supplement or the information incorporated herein by reference will contain the approximate amount of senior securities outstanding as of the end of our most recent fiscal quarter.

Global Debt Securities

The debt securities of a series may be issued in whole or in part in global form. The global securities will be deposited with a depository, or with a nominee for a depository, identified in the prospectus supplement. In this case, one or more global securities will be issued in a denomination or aggregate denominations equal to the portion of the aggregate principal amount of outstanding debt securities of the series to be represented by the global security or securities. Unless and until it is exchanged in whole or in part for debt securities in definitive form, a global security may not be transferred except as a whole by the depository for the global security to a nominee of the depository or by a nominee of the depository to the depository or another nominee of the depository or by the depository or any nominee to a successor of the depository or a nominee of the successor.

The specific material terms of the depository arrangement with respect to any portion of a series of debt securities to be represented by a global security will be described in the prospectus supplement. We anticipate that the following provisions will apply to all depository arrangements.

Upon the issuance of a global security, the depository for the global security will credit, on its book-entry registration and transfer system, the respective principal amounts of the debt securities represented by the global security to the accounts of persons, or participants, that have accounts with the depository. The accounts to be credited will be designated by any underwriters or agents participating in the distribution of the debt securities. Ownership of beneficial interests in a global security will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests in the global security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the depository for the global security,

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with respect to interests of participants, or by participants or persons that hold through participants, with respect to interests of persons other than participants. So long as the depository for a global security, or its nominee, is the registered owner of the global security, the depository or the nominee, as the case may be, will be considered the sole owner or holder of the debt securities represented by the global security for all purposes under the indenture; provided, however, that for purposes of obtaining any consents or directions required to be given by the holders of the debt securities, we, the trustee and our agents will treat a person as the holder of the principal amount of debt securities as specified in a written statement of the depository. Except as set forth herein or otherwise provided in the prospectus supplement, owners of beneficial interests in a global security will not be entitled to have the debt securities represented by the global security registered in their names, will not receive physical delivery of the debt securities in definitive form and will not be considered the owners or holders thereof under the indenture.

Principal, premium, if any, and interest payments on debt securities represented by a global security registered in the name of a depository or its nominee will be made to the depository or its nominee, as the case may be, as the registered owner of the global security. Neither we, the trustee nor any paying agent for the debt securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global security or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

We expect that the depository for any debt securities represented by a global security, upon receipt of any payment of principal, premium, if any, or interest will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the global security as shown on the records of the depository. We also expect that payments by participants will be governed by standing instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street names" and will be the responsibility of the participants.

If the depository for any debt securities represented by a global security is at any time unwilling or unable to continue as depository and a successor depository is not appointed by us within the period of time set forth in the indenture, we will issue the debt securities in definitive form in exchange for the global security. In addition, we may at any time, and in our sole discretion, determine not to have any of the debt securities of a series represented by one or more global securities and, in that event, will issue debt securities of the series in definitive form in exchange for all of the global security or securities representing the debt securities.

The laws of some states require that certain purchasers of securities take physical delivery of the securities in definitive form. These laws may impair the ability to transfer beneficial interests in debt securities represented by global securities.

Governing Law

The indenture and the debt securities will be governed by and construed in accordance with the internal laws of the State of New York.

DESCRIPTION OF CAPITAL STOCK

General

Our authorized capital stock consists of 500,000,000 shares of common stock, \$0.01 par value per share, and 6,000,000 shares of preferred stock, \$0.01 par value per share. As of September 23, 2011, we had no shares of preferred stock issued and outstanding and 88,911,740 shares of common stock issued and outstanding. With respect to payment of dividends and amounts due upon liquidation, dissolution, or winding up, the preferred stock will rank senior to our common stock. Our common stock is listed

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on the NYSE under the symbol "IRC." Registrar and Transfer Company is the transfer agent and registrar of our common stock.

Common Stock

Voting Rights. Each share of common stock has the same rights and is identical in all respects with every other share of common stock. Each share of common stock entitles the holder to one vote per share on each matter submitted to a vote of the stockholders except (1) to the extent voting rights may be limited as discussed in "Restrictions on Transfer, Acquisition and Redemption of Shares" and (2) that, with respect to shares of common stock owned by members of our board of directors or an "Affiliate" (as that term is defined in our charter, as amended ("charter")), neither the members of our board of directors, nor any Affiliate, can vote or consent on matters submitted to the stockholders regarding the removal of any member of our board of directors or any Affiliate or any transaction between us and any member of the board of directors or any Affiliate. With respect to the preceding clause (2) only shares of common stock held by any member of our board of directors or any Affiliate will not be included in determining the number of outstanding shares of common stock entitled to vote on the matters described in that clause. Stockholders are entitled to vote by written or electronic or telephonic proxies and do not have cumulative voting rights.

Distributions. We currently pay distributions to our stockholders on a monthly basis in an amount determined by our board of directors out of funds legally available therefor. If we issue any preferred stock, the preferred stockholders will have priority over the common stockholders with respect to receiving distributions. Notwithstanding the foregoing, holders of shares of "Excess Stock" (as that term is defined in "Restrictions on Transfer, Acquisition and Redemption of Shares" below) are not entitled to receive distributions paid by us.

Liquidation. If we liquidate or dissolve, each issued and outstanding share of common stock would be entitled to participate, pro rata, in any assets remaining after paying, or providing for payment of, all of our known debts and liabilities. If any preferred stock is issued, the preferred stockholders will have priority over the common stockholders to any assets distributed in a liquidation or dissolution. Notwithstanding the foregoing, holders of shares of Excess Stock are not entitled to receive liquidating distributions.

Restrictions on Acquisition of the Common Stock. See "Restrictions on Transfer, Acquisition and Redemption of Shares" and "Certain Provisions of the MGCL, Our Charter and Our Bylaws" below for discussions of the restrictions and other limitations on the acquisition of shares of common stock.

Other Characteristics. Holders of the common stock do not have preemptive rights to purchase or subscribe for any additional shares of common stock or any other security that may be issued by us. Shares of common stock generally are not subject to calls for redemption. Shares of Excess Stock will, however, be deemed to have been offered for sale to us, or our designee, in accordance with the terms of the charter. See "Restrictions on Transfer, Acquisition and Redemption of Shares" below.

Issuance of Additional Shares. Our board of directors is authorized to issue additional shares of common stock or securities convertible into common stock and to classify or reclassify, as the case may be, any unissued shares of common stock without prior stockholder approval subject to complying with the rules of the NYSE.

Preferred Stock

General. As of the date of this prospectus, we have not issued any of the authorized shares of preferred stock. Under our charter, the board of directors is authorized, subject to certain limitations prescribed by reference to Maryland General Corporation Law (the "MGCL") and the New York Stock Exchange rules, without further stockholder approval, from time to time to issue up to an

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aggregate of 6,000,000 shares of preferred stock. The preferred stock may be issued in one or more series. Subject to the provisions of our charter regarding beneficial ownership of shares of our common stock or shares of each other outstanding class of our capital stock in excess of the aggregate stock ownership limits per class, each series may have different preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or terms or conditions of redemption that may be established by our board of directors without approval from the stockholders. Unless provided in a supplement to this prospectus, the shares of preferred stock to be issued will have no preemptive rights. Reference is made to any supplement to this prospectus relating to the preferred stock offered thereby for specific items, including:

the number of shares of preferred stock to be issued and the offering price of the preferred stock;

the title and stated value of the preferred stock;

dividend rights, rates, periods, payment dates, and methods of calculating the dividends applicable to the preferred stock;

the date from which distributions on the preferred stock will accumulate, if applicable;

conversion rights;

voting rights;

rights and preferences on liquidation;

redemption terms;

the procedures for any auction and remarketing, if any;

sinking fund provisions;

any listing of the preferred stock;

federal income tax considerations applicable to the preferred stock;

the relative ranking and preferences of the preferred stock as to distribution rights (including whether any liquidation preference as to the preferred stock will be treated as a liability for purposes of determining the availability of assets for distributions to holders of stock ranking junior to the shares of preferred stock as to distribution rights);

any limitations on issuance of any series of preferred stock ranking senior to or on a parity with such series of preferred stock as to distribution rights and rights upon the liquidation, dissolution or winding up of our affairs; and

any other specific terms, preferences, rights, limitations or restrictions of the preferred stock.

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Rank. Unless otherwise indicated in the applicable supplement to this prospectus, shares of our preferred stock will rank, with respect to payment of distributions and rights upon our liquidation, dissolution or winding up:

senior to all classes or series of common stock, and to all equity securities issued by us, the terms of which specifically provide that the equity securities rank junior to the preferred stock; and

on a parity with all equity securities issued by us, the terms of which specifically provide that the equity securities rank on a parity with the preferred stock.

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Distributions. Subject to any preferential rights of any outstanding stock or series of stock and to the provisions of our charter regarding beneficial ownership of shares of our common stock or shares of each other outstanding class of our capital stock in excess of the aggregate ownership limits per class, preferred stockholders, if any, will be entitled to receive distributions, when and as authorized by our board of directors and declared by us, out of legally available funds, and will share in these distributions *pro rata* with other outstanding parity equity securities, if any.

Voting Rights. Unless otherwise indicated in the applicable supplement to this prospectus, holders of preferred stock will not have voting rights.

Liquidation Preference. Upon the liquidation, dissolution or winding up of our affairs, before any distribution or payment is made to the holders of any common stock or any other class or series of stock ranking junior to the preferred stock, the holders of each series of preferred stock are entitled to receive, after payment or provision for payment of our debts and other liabilities, out of our assets legally available for distribution to stockholders, liquidating distributions in the amount of the liquidation preference per share (set forth in the applicable supplement to this prospectus), plus an amount, if applicable, equal to all distributions accrued and unpaid thereon (which will not include any accumulation in respect of unpaid distributions for prior distribution periods if the preferred stock does not have a cumulative distribution provision). After paying the full amount of the liquidating distributions to which they are entitled, the holders of preferred stock will have no right or claim to any of our remaining assets.

Conversion Rights. The terms and conditions, if any, upon which shares of any series of preferred stock are convertible into other securities will be set forth in the applicable supplement to this prospectus. Such terms will include the amount and type of security into which the shares of preferred stock are convertible, the conversion price (or manner of calculation thereof), the conversion period, provisions as to whether conversion will be at the option of the holders of the preferred stock or us, the events requiring an adjustment of the conversion price and provisions affecting conversion in the event of the redemption of such preferred stock.

Redemption. If so provided in the applicable supplement to this prospectus, our preferred stock will be subject to mandatory redemption or redemption at our or the holders' option, in whole or in part, in each case upon the terms, at the times and at the redemption prices set forth in such supplement to this prospectus.

Registrar and Transfer Agent. The registrar and transfer agent for our preferred stock will be set forth in the applicable supplement to this prospectus.

If our board of directors decides to issue any preferred stock, it may discourage or make more difficult a merger, tender offer, business combination or proxy contest, assumption of control by a holder of a large block of our securities or the removal of incumbent management, even if these events were favorable to the interests of stockholders. The board of directors, without stockholder approval, may issue preferred stock with voting and conversion rights and dividend and liquidation preferences which may adversely affect the holders of common stock.

Certain Provisions of the MGCL, Our Charter and Our Bylaws

The following summary of certain provisions of the MGCL, our charter and our Amended and Restated bylaws ("bylaws") does not purport to be complete and is subject to, and qualified in its entirety by reference to, applicable MGCL provisions, our charter and our bylaws.

As a Maryland corporation, we are subject to certain restrictions concerning certain "business combinations" (including a merger, consolidation, share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities) between us and an "interested stockholder"

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or an affiliate of an interested stockholder. Interested stockholders are persons (1) who beneficially own ten percent or more of the voting power of our outstanding voting stock, or (2) who are Affiliates or associates of us who, at any time within the two-year period prior to the date in question, were the beneficial owners of ten percent or more of the voting power of our outstanding stock. A person is not an interested stockholder if the board of directors approved in advance, the transaction by which the person otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may condition its approval by making it subject to compliance, at or after the time of approval, with any terms and conditions determined by the board. Business combinations are prohibited for five years after the most recent date on which the interested stockholder became an interested stockholder. Thereafter, business combinations must be recommended by our board of directors and approved by the affirmative vote of at least (1) 80% of the votes entitled to be cast by holders of the outstanding voting shares voting together as a single voting group, and (2) two-thirds of the votes entitled to be cast by holders of the outstanding voting shares other than voting shares held by the interested stockholder or an affiliate or associate of the interested stockholder with whom the business combination is to be effected, unless, among other things, the corporation's stockholders receive a minimum price for their shares and the consideration is received in cash or other consideration in the same form as previously paid by the interested stockholder for its shares. These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by the board of directors prior to the time that the interested stockholder becomes an interested stockholder.

The MGCL also provides that "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares owned by the acquirer or by officers or by employees who are directors of the corporation. "Control shares" are shares of stock which, if aggregated with all other shares of stock owned by the acquirer or shares of stock for which the acquirer is able to exercise or direct the exercise of voting power except solely by virtue of a revocable proxy, would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power:

one-tenth or more but less than one-third,

one-third or more but less than a majority, or

a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means, subject to certain exceptions, the acquisition of, ownership of, or the power to direct the exercise of voting power with respect to, control shares.

The control share acquisition statute does not apply to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or to acquisitions approved or exempted by the charter or bylaws of the corporation. Our charter states that the control share acquisition statute will not apply to any acquisition of shares of each class of capital stock by an existing holder that is not prohibited or restricted by the restrictions on transfer, acquisition and redemption of our shares contained in Article VIII of our charter. Our charter defines an "existing holder" as (1) a person who was, upon the exchange of any security of the Company, the beneficial owner of a class of our capital stock in excess of the Ownership Limit, as defined below in "Restrictions on Transfer, Acquisition and Redemption of Shares," both upon and immediately after our initial public offering so long as, but only so long as, the person beneficially owns, or would beneficially own, upon the exchange of any security of the Company, any class of our capital stock in excess of the Ownership Limit and (2) any person to whom such an existing holder transfers, subject to

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the limitations provided by our charter, beneficial ownership of capital stock causing the transferee to beneficially own any class of our capital stock in excess of the Ownership Limit.

Under the MGCL, a Maryland corporation that has a class of equity securities registered under the Exchange Act and that has at least three directors who (1) are not officers or employees of the corporation, (2) are not acquiring persons, (3) are not directors, officers, affiliates or associates of any acquiring person or (4) are not nominated or designated as a director by an acquiring person, may elect in its charter or bylaws or by resolution of its board of directors, notwithstanding any contrary charter or bylaw provision, to be subject to certain provisions of the MGCL that may have the effect of delaying or preventing a change in control of the corporation. These provisions relate to a classified board of directors, removal of directors, establishing the number of directors, filling vacancies on the board of directors and calling special meetings of the corporation's stockholders. We have not made the election to be governed by these provisions of the MGCL. However, our charter and our bylaws permit our board of directors to determine the number of directors subject to a minimum and maximum number, among other provisions.

Certain Anti-Takeover Provisions in Our Charter and Our Bylaws

The following discussion is a general summary of certain provisions of our charter and our bylaws that may be deemed to have an "anti-takeover" effect. The description of these provisions is necessarily general and reference should be made in each case to the charter and bylaws.

Availability of Preferred Stock. Our charter authorizes the issuance of up to 6,000,000 shares of preferred stock, which may be issued with rights and preferences that could impede an acquisition. This preferred stock, none of which has yet been issued by us, together with authorized but unissued shares of our common stock, could also represent additional capital stock required to be purchased by an acquirer.

Advance Notice Requirement for Nominations. With respect to an annual meeting of stockholders, our bylaws require that nominations of persons for election to our board of directors and the proposal of business to be considered by stockholders may be made only (1) pursuant to the notice of the meeting, (2) by or at the direction of our board of directors or (3) by any stockholder who is a stockholder of record at the time of giving the notice required by our bylaws, who is entitled to vote at the meeting and who has complied with the advance notice procedures set forth in our bylaws. These advance notice procedures generally require stockholders to submit written notice, in the form set forth in our bylaws, to our corporate secretary at our principal executive offices not less than forty-five days before the anniversary of the date on which we first mailed the notice of meeting for the prior year's annual meeting. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of persons for election to our board of directors at a special meeting may be made only (1) pursuant to the notice of the meeting, (2) by or at the direction of our board of directors or (3) provided that our board of directors has determined that directors will be elected at the meeting, by a stockholder who is a stockholder of record at the time of giving the notice required by our bylaws, who is entitled to vote at the meeting and who has complied with the advance notice procedures set forth in our bylaws.

Board of Directors. Pursuant to our charter, we must have at least three but not more than nine directors, a majority of which must be "independent directors." An "independent director" for purposes of our charter means a director who performs no other services for us, except as a director. Our charter requires that at least one of our independent directors must have had at least three years of relevant real estate experience demonstrating the knowledge and experience required to successfully acquire and manage the type of assets being acquired by us. For purposes of our bylaws, we have adopted the definition of director "independence" required for independence under the Listed Company Manual of the New York Stock Exchange.

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Amendment of Bylaws. Our bylaws may be altered, amended or repealed in a manner not inconsistent with the charter or the MGCL at any properly constituted meeting of our board of directors by a majority vote of the directors present at the meeting except for matters requiring a greater vote; provided that any bylaw adopted by the stockholders may not be altered, amended or repealed without a stockholder vote.

Amendment of the Charter; Extraordinary Actions. We reserve the right from time to time to amend our charter; provided that the concurrence of a majority of the outstanding shares of common stock must be obtained for the board to (1) amend the charter, except for amendments to change our name, to change the name or other designation or the par value of any class or series of our stock and the aggregate par value of our stock or to effect certain reverse stock splits, including amendments to provisions relating to director qualifications, fiduciary duty, liability and indemnification, conflicts of interest, investment policies or investment restrictions, (2) sell all or substantially all of our assets other than in the ordinary course of business or in connection with liquidation and dissolution, (3) cause a merger or other reorganization of the Company or (4) dissolve or liquidate the Company, other than before the initial investment in a property by us. For purposes of the preceding clause (2), a sale of all or substantially all of our assets means the sale of two-thirds or more of our assets based on the total number of properties or the current fair market value of those assets.

Conversion Transactions and Roll-Ups. Our charter requires that certain exchange offers, mergers, consolidations or similar transactions involving us in which the holders of shares of common stock receive securities in a surviving entity having a substantially longer duration or materially different investment objectives and policies, or that provides significantly greater compensation to management be approved by all of our independent directors and by the holders of two-thirds of the shares of common stock, except for any transaction effected because of changes in applicable law, or to preserve tax advantages for a majority in interest of the holders of common stock. Standards such as "substantially longer life," "materially different investment objectives and policies" or "provides significantly greater compensation to management" are not defined and are by their nature potentially ambiguous. Any ambiguities will be resolved by our board of directors, a majority of whom are independent.

In connection with a proposed "Roll-Up" (as that term is defined below and in the charter), an appraisal of all of our assets must be obtained from an "Independent Expert" (as that term is defined in the charter). The appraisal must be included in a prospectus used to offer the securities of a "Roll-Up Entity" (as that term is defined in the charter) and filed with the SEC as an exhibit to the registration statement for the offering. Accordingly, an issuer using the appraisal will be subject to liability for violating Section 11 of the Securities Act and comparable provisions under state laws for any material misrepresentations or material omissions in the appraisal. Our assets must be appraised in a consistent manner and the appraisal must be based on an evaluation of all relevant information indicating the value of our assets as of a date immediately prior to the announcement of the proposed Roll-Up transaction. The appraisal must assume an orderly liquidation of our assets over a twelve-month period. The terms of the engagement of the Independent Expert must clearly state that the engagement is for our benefit and our holders of common stock. A summary of the independent appraisal, indicating all material assumptions underlying the appraisal, must be included in a report to our stockholders in connection with a proposed Roll-Up. A "Roll-Up" is a transaction involving the acquisition, merger, conversion or consolidation, either directly or indirectly, of us and the issuance of securities of a Roll-Up Entity. A Roll-Up does not include (1) a transaction involving any of our securities that have been listed on a national securities exchange for at least twelve months or (2) a transaction involving the conversion by us to corporate, trust or association form if, as a consequence of the transaction, there will be no significant adverse change in any of the following: (a) voting rights of holders of common stock; (b) our term and existence; or (c) our investment objectives.

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Notwithstanding the foregoing, we may not participate in any proposed Roll-Up which would:

result in the holders of common stock having rights to meetings less frequently or which are more restrictive than those provided in the charter;

result in the holders of common stock having voting rights that are less than those provided in the charter;

result in the holders of common stock having greater liability than as provided in the charter;

result in the holders of common stock having rights to receive reports that are less than those provided in the charter;

result in the holders of common stock having access to records that are more limited than those provided in the charter;

include provisions which would operate to materially impede or frustrate the accumulation of shares by any purchaser of the securities of the Roll-Up Entity (except to the minimum extent necessary to preserve the tax status of the Roll-Up Entity);

limit the ability of an investor to exercise the voting rights of its securities in the Roll-Up Entity on the basis of the number of the shares held by that investor;

result in investors in the Roll-Up Entity having rights of access to the records of the Roll-Up Entity that are less than those provided in the charter; or

place any of the costs of the transaction on us if the Roll-Up is not approved by the stockholders.

We may participate in a proposed Roll-Up if the holders of common stock would have rights, and be subject to restrictions, comparable to those contained in the charter, with the prior approval of the holders of a majority of the outstanding shares of common stock.

Stockholders who vote "no" on a proposed Roll-Up must have the choice of (1) accepting the securities of the Roll-Up Entity offered in the proposed Roll-Up or (2) one of either: (a) remaining as our stockholders and preserving their interests therein on the same terms and conditions as previously existed; or (b) receiving cash in an amount equal to the stockholders' pro