RAMCO GERSHENSON PROPERTIES TRUST
Form 10-K
March 04, 2011

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

Form 10-K

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

For the fiscal year ended December 31, 2010

OR

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

For the transition period from to

Commission file number 1-10093

RAMCO-GERSHENSON PROPERTIES TRUST
(Exact Name of Registrant as Specified in its Charter)

Maryland (State or Other Jurisdiction of Incorporation or Organization)	13-6908486 (I.R.S. Employer Identification No.)
31500 Northwestern Highway Farmington Hills, Michigan (Address of Principal Executive Offices)	48334 (Zip Code)

Registrant's Telephone Number, Including Area Code: 248-350-9900

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
Common Shares of Beneficial Interest, $0.01 Par Value Per Share	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes o No x

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

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

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

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

Large Accelerated Filer o	Accelerated Filer x
Non-Accelerated Filer o (Do not check if small reporting company)	Small Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

The aggregate market value of the common equity held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2010) was $383,997,798.

Number of common shares outstanding as of March 1, 2011: 38,133,041

DOCUMENT INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for the annual meeting of shareholders to be held June 1, 2011 are in incorporated by reference into Part III of this Form 10-K.

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Forward-Looking Statements

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements represent our expectations, plans or beliefs concerning future events and may be identified by terminology such as "may," "will," "should," "believe," "expect," "estimate," "anticipate," "continue," "predict" or similar terms. Al forward-looking statements made in this document are based on our good-faith beliefs, reasonable assumptions and our best judgment based upon current information, certain factors could cause actual results to differ materially from those in the forward-looking statements, including: our success or failure in implementing our business strategy; economic conditions generally and in the commercial real estate and finance markets specifically; the cost and availability of capital, which depends in part on our asset quality and our relationships with lenders and other capital providers; our business prospects and outlook; changes in governmental regulations, tax rates and similar matters; our continuing to qualify as a real estate investment trust ("REIT"); and other factors discussed elsewhere in this document and our other filings with the Securities and Exchange Commission (the "SEC"). Given these uncertainties, you should not place undue reliance on any forward-looking statements. Except as required by law, we assume no obligation to update these forward-looking statements, even if new information becomes available in the future.

PART I

Item 1. Business

The terms "Company," "we," "our" or "us" refer to Ramco-Gershenson Properties Trust, Ramco-Gershenson Properties, L.P. and/or its subsidiaries, as the context may require.

General

Ramco-Gershenson Properties Trust is a fully integrated, self-administered, publicly-traded equity real estate investment trust ("REIT"). Our primary business is the ownership and management of shopping centers located in targeted markets in the Eastern and Midwestern U.S. At December 31, 2010, we owned interests in 89 shopping centers and one office building that comprise approximately 20.3 million square feet, of which 15.6 million square feet is owned directly by us and our real estate joint ventures partnerships. We also owned interests in various parcels of land held for development or for sale, the majority of which are adjacent to certain of our existing developed properties.

Our predecessor, RPS Realty Trust, a Massachusetts business trust, was formed on June 21, 1988 to be a diversified growth-oriented REIT. In May 1996, RPS Realty Trust acquired the Ramco-Gershenson interests through a reverse merger, including substantially all of the shopping centers and retail properties as well as the management company and business operations of Ramco-Gershenson, Inc. and certain of our affiliates. The resulting trust changed its name to Ramco-Gershenson Properties Trust and Ramco-Gershenson, Inc.'s officers assumed management responsibility. The trust also changed its operations from a mortgage REIT to an equity REIT and contributed certain mortgage loans and real estate properties to Atlantic Realty Trust, an independent, newly formed liquidating REIT. On October 2, 1997, with approval from our shareholders, we changed our state of organization by terminating the Massachusetts trust and merging into a newly formed Maryland REIT.

We conduct substantially all of our business through our operating partnership, Ramco-Gershenson Properties, L.P. (the "Operating Partnership"). The Operating Partnership, either directly or indirectly through partnerships or limited liability companies, holds fee title to all owned properties. As general partner of the Operating Partnership, we have the exclusive power to manage and conduct the business of the Operating Partnership. As of December 31, 2010, we owned approximately 92.9% of the interests in the Operating Partnership. The limited partners are reflected as noncontrolling interests in our financial statements and are generally individuals or entities that contributed interests in certain assets or entities to the Operating Partnership in exchange for units of limited partnership interest ("OP Units"). OP units are generally exchangeable for our common shares on a 1:1 basis or for cash, at our election.

We operate in a manner intended to qualify as a REIT pursuant to the provisions of the Internal Revenue Code of 1986, as amended (the "Code"). Certain of our operations, including property and asset management, as well as ownership of certain land parcels, are conducted through taxable REIT subsidiaries, ("TRSs"), which are subject to federal and state income taxes.

Business Objectives and Strategies

Our primary business objective is to own and manage a portfolio of high quality shopping centers that generate cash flow for distribution to our shareholders and that have the potential for capital appreciation. To achieve this objective, we seek to acquire, develop, or redevelop shopping centers that meet our investment criteria. We also seek to dispose of land or shopping centers that no longer meet our investment criteria. We use debt to finance our activities and focus on managing the amount, structure, and terms of our debt to limit the risks inherent in debt financing. From time to time, we enter into joint venture arrangements where we believe we can benefit by owning a partial interest in a shopping center investment and by earning fees for managing the centers for our partners.

We invest in primarily neighborhood and community shopping centers anchored by supermarkets and/or national chain stores selling products that satisfy everyday needs. Supermarket anchor tenants for our centers include Publix Super Market, Jewel, and Kroger. National chain anchor tenants for our centers include TJ Maxx/Marshalls, Home Depot, Wal-Mart, Kohl's, Lowe's Home Centers, Best Buy, and Target. Our shopping centers are primarily located in major metropolitan areas located in the East and Midwest, such as Detroit, Fort Lauderdale-Palm Beach, Jacksonville, Tampa, Atlanta, and Chicago.

Our property portfolio consists of wholly-owned shopping centers and interests in joint ventures that own shopping centers. We own 100% interests in 57 shopping centers and one office building comprising approximately 9.8 million square feet. In addition, we are co-investors in and managers of two significant joint ventures that own portfolios of shopping centers. We own 30% of Ramco/Lion Venture L.P., an entity that owns 16 shopping centers comprising approximately 3.2 million square feet. We own 20% of Ramco 450 Venture LLC, an entity that owns nine shopping centers comprising approximately 1.7 million square feet. We also have ownership interests in six smaller joint ventures that each owns one or two shopping centers. With one exception, our joint ventures are not consolidated and are reported using equity method accounting. We earn fees from the joint ventures for managing, leasing, and redeveloping the shopping centers they own.

We also own various parcels of developable land. Approximately half of our developable land's net book value is available for sale to end users such as retailers that prefer to own their sites or to developers who seek to develop non-retail uses. The other half of our land is held for development. The timing of future development will depend on our ability to mitigate risk through pre-leasing our proposed projects and obtaining construction financing.

Operating Strategies

Our operating objective is to maximize the risk-adjusted return on invested capital at our shopping centers. We seek to do so by increasing the net operating income of our centers, controlling our capital expenditures, and monitoring our credit and other risks of ownership. Our operating strategies include:

- Leasing and managing our shopping centers to increase occupancy, maximize rental income, and control operating expenses and capital expenditures;
- Leasing space to more creditworthy and productive tenants which can withstand periods of economic downturn;
- Maintaining and improving our centers to attract better tenants, generate higher rents, and appeal to more shoppers;
- Redeveloping our centers to increase gross leasable area, reconfigure space for credit tenants, create outparcels, and sell excess land; and
- Generating temporary and ancillary income from non-rental agreements to use our parking lots, signage, rooftops, and other portions of our real estate.

Investing Strategies

Our investing objective is to generate an attractive risk-adjusted return on capital invested in acquisitions and developments. In addition, we seek to dispose of land or shopping centers that no longer meet our investment criteria. We underwrite acquisitions based upon current cash flow, projections of future cash flow, and scenario analyses that take into account the risks and opportunities of ownership. We underwrite development of new shopping centers on the same basis, but also take into account the unique risks of entitling land, constructing buildings, and leasing newly built space. Our investing strategies include:

- Acquiring shopping centers that are located in targeted metropolitan markets, anchored by stable and productive supermarkets, discounters, or national chain stores, surrounded by trade areas with appealing demographic characteristics, sited with suitable visibility and access, and featuring opportunities to add value through intensive leasing, management, and/or redevelopment;

- Developing our existing land held for development into income-producing investment property, subject to market demand, availability of capital and adequate returns on our incremental capital;
- Selling non-core shopping centers and redeploying the proceeds into investments that meet our criteria; and
- Selling available-for-sale land parcels and using the proceeds to pay down debt or reinvest in our business.

Financing Strategies

Our financing objective is to maintain a strong and flexible balance sheet to ensure access to capital at a competitive cost. In particular, we seek to increase our financial flexibility by increasing our pool of unencumbered properties and borrowing on an unsecured basis. In keeping with our objective, we routinely benchmark our balance sheet on a variety of measures to our peers in the shopping center and REIT industries. Our financing strategies include:

- Capitalizing our business with a moderate ratio of debt to equity;
- Using primarily fixed-rate debt, staggering our debt maturities to avoid debt overhangs, monitoring our liquidity and near-term capital requirements, and managing the average term of our debt;
- Maintaining a line of credit to fund operating and investing needs on a short-term basis;
- Monitoring compliance with debt covenants and maintaining a regular dialogue with our lenders; and
- Financing our investment activities with various forms and sources of capital to reduce reliance on any one source of capital.

Competition

See page 6 of Item 1A. “Risk Factors” for a description of competitive conditions in our business.

Environmental Matters

See page 9 of Item 1A. “Risk Factors” for a description of environmental risks for our business.

Employment

As of December 31, 2010, we had 126 full-time employees. None of our employees is represented by a collective bargaining unit. We believe that our relations with our employees are good.

Available Information

All reports we electronically file with, or furnish to, the SEC, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to such reports, are available, free of charge, on our website at www.rgpt.com, as soon as reasonably practicable after we electronically file such reports with, or furnish those reports to, the SEC. Our Corporate Governance Guidelines, Code of Business Conduct and Ethics and Board of Trustees’ committee charters also are available on our website.

Shareholders may request free copies of these documents from:

Ramco-Gershenson Properties Trust
Attention: Investor Relations
31500 Northwestern Highway, Suite 300
Farmington Hills, MI 48334

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Item 1A. Risk Factors

You should carefully consider each of the risks and uncertainties described below and elsewhere in this Annual Report on Form 10-K, as well as any amendments or updates reflected in subsequent filings with the SEC. We believe these risks and uncertainties, individually or in the aggregate, could cause our actual results to differ materially from expected and historical results and could materially and adversely affect our business operations, results of operations and financial condition. Further, additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our results and business operations.

Operating Risks

National economic conditions and retail sales trends may adversely affect the performance of our properties.

Demand to lease space in our shopping centers generally fluctuates with the overall economy. Economic downturns often result in a lower rate of retail sales growth, or even declines in retail sales. In response, retailers that lease space in shopping centers typically reduce their demand for retail space during such downturns. As a result, economic downturns and unfavorable retail sales trends may diminish the income, cash flow, and value of our properties. In 2008-2009, a national recession and contraction in retail sales resulted in a number of chain store bankruptcies and an increase in vacancy rates at shopping centers nationwide, including at centers we own. In particular, the bankruptcies of Circuit City and Linens ‘n Things affected a total of four stores in our consolidated portfolio and seven stores in our joint venture portfolios.

Our concentration of properties in Michigan, Florida, Georgia and other states makes us more susceptible to adverse market conditions in these states.

Our performance depends on the economic conditions in the markets in which we operate. In 2010, our wholly-owned and joint venture properties located in Michigan, Florida, and Georgia accounted for 40.4%, 31.1%, and 5.6%, respectively, of our annualized base rent. The recession of 2008-2009 affected these states disproportionately, as evidenced by higher than average unemployment rates. To the extent that market conditions in these or other states in which we operate deteriorate, the performance or value of our properties may be adversely affected.

Changes in the supply and demand for the type of space we lease to our tenants could affect the income, cash flow, and value of our properties.

Our shopping centers generally compete for tenants with similar properties located in the same neighborhood, community, or region. Competing centers may be newer, better located, or have a better tenant mix. In addition, new centers or retail stores may be developed, increasing the supply of retail space competing with our centers or taking retail sales from our tenants. Our properties also compete with alternate forms of retailing, including on-line shopping, home shopping networks, and mail order catalogs. Alternate forms of retailing may reduce the demand for space in our shopping centers.

As a result, we may not be able to renew leases or attract replacement tenants as leases expire. When we do renew tenants or attract replacement tenants, the terms of renewals or new leases may be less favorable to us than current lease terms. In order to lease our vacancies, we often incur costs to reconfigure or modernize our properties or to fit out our space to suit the needs of a particular tenant. Under competitive circumstances, such costs may exceed our budgets. If we are unable to lease vacant space promptly, if the rental rates upon a renewal or new lease are lower than expected, or if the costs incurred to lease space exceed our expectations, then the income and cash flow of our properties will decrease.

Our reliance on key tenants for significant portions of our revenues exposes us to increased risk of tenant bankruptcies that could adversely affect our income and cash flow.

As of December 31, 2010, we and our joint venture properties received 32% of our annualized base rents from our top twenty tenants, including our top three tenants: TJ Maxx/Marshalls (3.8%), Publix (3.0%), and Home Depot (1.9%). No other tenant represented more than 2.0% of our total annualized base rent. The credit risk posed by our major tenants varies.

If any of our major tenants experience financial difficulties or files bankruptcy, our operating results could be adversely affected. Bankruptcy filings by our tenants or lease guarantors generally delay our efforts to collect pre-bankruptcy receivables and could ultimately preclude full collection of these sums. If a tenant rejects a lease, we would have only a general unsecured claim for damages, which may be collectible only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims. In 2010, the bankruptcies of Old Time Pottery, Blockbuster, and A&P affected our operating results. We expect these bankruptcies, as well as the recent bankruptcies of Loehmann's and Borders Group, to affect our operating results in 2011.

Our properties generally rely on anchor tenants to attract customers. The loss of anchor tenants may adversely impact the performance of our properties.

If any of our anchor tenants becomes insolvent, suffers a downturn in business, abandons occupancy, or decides not to renew its lease, such event may adversely impact the performance of the affected center. An abandonment or lease termination by an anchor tenant may give other tenants in the same shopping center the right to terminate their leases or pay less rent pursuant to the terms of their leases. Our leases with anchor tenants may, in certain circumstances, permit them to transfer their leases to other retailers. The transfer to a new anchor tenant could result in lower customer traffic to the center, which could affect our other tenants. In addition, a transfer of a lease to a new anchor tenant could give other tenants the right to make reduced rental payments or to terminate their leases. In 2010, lease terminations by Wal-Mart, Old Time Pottery, Albertson's, and A&P affected a number of our shopping centers.

We may be restricted from leasing vacant space based on existing exclusivity lease provisions with some of our tenants.

In a number of cases, our leases give a tenant the exclusive right to sell clearly identified types of merchandise or provide specific types of services at a particular shopping center. In other cases, leases with a tenant may limit the ability of other tenants to sell similar merchandise or provide similar services to that tenant. When leasing a vacant space, these restrictions may limit the number and types of prospective tenants suitable for that space. If we are unable to lease space on satisfactory terms, our operating results would be adversely impacted.

Increases in operating expenses could adversely affect our operating results.

Our operating expenses include, among other items, property taxes, insurance, utilities, repairs, and the maintenance of the common areas of our shopping centers. We may experience increases in our operating expenses, some or all of which may be out of our control. Most of our leases require that tenants pay for a share of property taxes, insurance and common area maintenance costs. However, if any property is not fully occupied or if revenues are not sufficient to cover operating expenses, then we could be required to expend our own funds for operating expenses. In addition, we may be unable to renew leases or negotiate new leases with terms requiring our tenants to pay all the property tax, insurance, and common area maintenance costs that tenants currently pay, which could adversely affect our operating results.

If we suffer losses that are uninsured or in excess of our insurance coverage limits, we could lose invested capital and anticipated profits.

Catastrophic losses, such as losses resulting from wars, acts of terrorism, earthquakes, floods, hurricanes, tornadoes or other natural disasters, pollution or environmental matters, generally are either uninsurable or not economically insurable, or may be subject to insurance coverage limitations, such as large deductibles or co-payments. Although we currently maintain "all risk" replacement cost insurance for our buildings, rents and personal property, commercial general liability insurance, and pollution and environmental liability insurance, our insurance coverage may be inadequate if any of the events described above occurrs to, or causes the destruction of, one or more of our properties. Under that scenario, we could lose both our invested capital and anticipated profits from that property.

We do not control all decisions related to the activities of joint ventures in which we are invested, and we may have conflicts of interest with our joint venture partners.

As of December 31, 2010, we had interests in eight joint ventures that collectively own 32 shopping centers. Although we manage the properties owned by these joint ventures, we do not control all decisions for the joint ventures and may be required to take actions that are in the interest of our joint venture partners but not our best interests. Accordingly, we may not be able to resolve in our favor any issues which arise, or we may have to provide financial or other inducements to our joint venture partners to obtain such favorable resolution.

Various restrictive provisions and rights govern sales or transfers of interests in our joint ventures. These may work to our disadvantage because, among other things, we may be required to make decisions as to the purchase or sale of interests in our joint ventures at a time that is disadvantageous to us. In addition, a bankruptcy filing of one of our joint venture partners could adversely affect us because we may make commitments that rely on our partners to fund capital from time to time. The profitability of shopping centers held in a joint venture could also be adversely affected by the bankruptcy of one of our joint venture partners if, because of certain provisions of the bankruptcy laws, we were unable to make important decisions in a timely fashion or became subject to additional liabilities.

We may invest in additional joint ventures, the terms of which may differ from our existing joint ventures. In general, we would expect to share the rights and obligations to make major decisions regarding the venture with our partners, which would expose us to the risks identified above.

Our equity investment in each of our unconsolidated joint ventures is subject to impairment testing in the event of certain triggering events, such a change in market conditions or events at properties held by those joint ventures. If the fair value of our equity investment is less than our net book value on an other than temporary basis, an impairment is required under generally accepted accounting principles. In 2010, we recorded impairment charges of $2.7 million related to our equity investments in unconsolidated joint ventures.

Our redevelopment projects may not yield anticipated returns, which would adversely affect our operating results.

Our redevelopment activities generally call for a capital commitment and project scope greater than that required to lease vacant space. To the extent a significant amount of construction is required, we are susceptible to risks such as permitting, cost overruns and timing delays as a result of the lack of availability of materials and labor, the failure of tenants to commit or fulfill their commitments, weather conditions, and other factors outside of our control. Any substantial unanticipated delays or expenses could adversely affect the investment returns from these redevelopment projects and adversely impact our operating results.

Investing Risks

We face competition for the acquisition and development of real estate properties, which may impede our ability to grow our operations or may increase the cost of these activities.

We compete with many other entities for the acquisition of shopping centers and land that is appropriate for new developments, including other REITs, private institutional investors and other owner-operators of shopping centers. In particular, larger REITs may enjoy competitive advantages that result from, among other things, a lower cost of capital. These competitors may increase the market prices we would have to pay in order to acquire properties. If we are unable to acquire properties that meet our criteria at prices we deem reasonable, our ability to grow may be adversely affected.

Commercial real estate investments are relatively illiquid, which could hamper our ability to dispose of properties that no longer meet our investment criteria or respond to adverse changes in the performance of our properties.

Because real estate investments are relatively illiquid, our ability to promptly sell one or more properties in our portfolio in response to changing economic, financial and investment conditions is limited. The real estate market is affected by many factors, such as general economic conditions, supply and demand, availability of financing, interest rates and other factors that are beyond our control. We cannot be certain that we will be able to sell any property for the price and other terms we seek, or that any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot estimate with certainty the length of time needed to find a willing purchaser and to complete the sale of a property. We may be required to expend funds to correct defects or to make improvements before a property can be sold. Factors that impede our ability to dispose of properties could adversely affect our financial condition and operating results.

We are seeking to develop new properties, an activity that has inherent risks including cost overruns related to entitling land, improving the site, and constructing buildings, and the challenges of leasing new space.

We are pursuing development at several land parcels we own and may pursue development elsewhere as opportunities arise. Development activities are subject to the following risks:

- The pre-construction phase for a development project typically extends over several years, and the time to obtain anchor commitments, zoning and regulatory approvals, and financing can vary significantly from project to project;
- We may not be able to obtain the necessary zoning or other governmental approvals for a project, or we may determine that the expected return on a project is not sufficient. If we abandon our development activities with respect to a particular project, we may incur an impairment loss on our investment;
- Construction and other project costs may exceed our original estimates because of increases in material and labor costs, delays and costs to obtain anchor and other tenant commitments;
- We may not be able to obtain financing or to refinance construction loans, which are generally recourse to us; and

- Occupancy rates and rents, as well as occupancy costs and expenses, at a completed project may not meet our projections, and the costs of development activities that we explore but ultimately abandon will, to some extent, diminish the overall return on our completed development projects.

If any of these events occur, our development activities may have an adverse effect on our results of operations. Our developable land is subject to impairment testing if certain triggering events occur or if we change our intended use of such land. In 2010, we recorded impairment charges of $28.8 million related to developable land that we decided to hold as available for sale.

Financing Risks

We have no corporate debt limitations.

Our management and Board of Trustees ("Board") have discretion to increase the amount of our outstanding debt at any time. Subject to existing financial covenants, we could become more highly leveraged, resulting in an increase in debt service costs that could adversely affect our cash flow and the amount available for distribution to our shareholders. If we increase our debt, we may also increase the risk of default on our debt.

Our debt must be refinanced upon maturity, which makes us reliant on the capital markets on an ongoing basis.

We are not structured in a manner to generate sufficient cash flow from operations to repay our debt at maturity. Instead, we expect to refinance our debt by raising equity, debt, or other capital at the time or prior to our debt matures. As of December 31, 2010, we had $578.3 million of outstanding indebtedness, including $6.6 million of capital lease obligations. Of this, $113.0 million matures in 2011. The availability and price of capital can vary significantly. If we seek to refinance maturing debt when capital market conditions are restrictive, we may find capital scarce, costly, or unavailable. Refinancing debt at a higher cost would affect our operating results and cash available for distribution. The failure to refinance our debt at maturity would result in default and the exercise by our lenders of the remedies available to them, including foreclosure and, in the case of recourse debt, liability for unpaid amounts.

Increases in interest rates may affect the cost of our variable-rate borrowings, our ability to refinance maturing debt, and the cost of any such refinancings.

As of December 31, 2010, we had $202.2 million of variable rate debt. Increases in interest rates on our existing indebtedness would increase our interest expense, which could adversely affect our cash flow and our ability to distribute cash to our shareholders. For example, if market rates of interest on our variable rate debt outstanding as of December 31, 2010 increased by 1.0%, the increase in interest expense on our existing variable rate debt would decrease future earnings and cash flows by approximately $2.0 million annually. Interest rate increases could also constrain our ability to refinance maturing debt because lenders may reduce their advance rates in order to maintain debt service coverage ratios.

Our mortgage debt exposes us to the risk of loss of property, which could adversely affect our financial condition.

As of December 31, 2010, we had $363.8 million of mortgage debt encumbering our properties, excluding our revolving credit facility and bridge loan. A default on any of our mortgage debt may result in foreclosure actions by lenders and ultimately our loss of the mortgaged property. We have entered into mortgage loans which are secured by multiple properties and contain cross-collateralization and cross-default provisions. Cross-collateralization provisions allow a lender to foreclose on multiple properties in the event that we default under the loan. Cross-default provisions allow a lender to foreclose on the related property in the event a default is declared under another loan. For federal income tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure but would not receive any cash proceeds.

Financial covenants may restrict our operating, investing, or financing activities, which may adversely impact our financial condition and operating results.

The financial covenants contained in our mortgages and debt agreements reduce our flexibility in conducting our operations and create a risk of default on our debt if we cannot continue to satisfy them. The mortgages on our properties contain customary negative covenants such as those that limit our ability, without the prior consent of the lender, to further mortgage the applicable property or to discontinue insurance coverage. In addition, if we breach covenants in our debt agreements, the lender can declare a default and require us to repay the debt immediately and, if the debt is secured, can ultimately take possession of the property securing the loan.

In particular, our outstanding line of credit contains customary restrictions, requirements and other limitations on our ability to incur indebtedness, including limitations on the maximum ratio of total liabilities to assets, the minimum fixed charge coverage, and the minimum tangible net worth ratio. Our ability to borrow under our line of credit is subject to compliance with these financial and other covenants. We rely on our ability to borrow under our line of credit to finance acquisition, development, and redevelopment activities and for working capital. If we are unable to borrow under our line of credit, our financial condition and results of operations would likely be adversely impacted.

Because we must annually distribute a substantial portion of our income to maintain our REIT status, we may not retain sufficient cash from operations to fund our investing needs.

As a REIT, we are subject to annual distribution requirements under the Code. In general, we must annually distribute at least 90% of our REIT taxable income, excluding net capital gains, to our shareholders to maintain our REIT status. We intend to make distributions to our shareholders to comply with the requirements of the Code.

Differences in timing between the recognition of taxable income and the actual receipt of cash could require us to sell assets or borrow funds on a short-term or long-term basis to meet the 90% distribution requirement. In addition, the distribution requirement reduces the amount of cash we retain for use in funding our capital requirements and our growth. As a result, we have historically funded our acquisition, development and redevelopment activities by any of the following: selling assets that no longer meet our investment criteria; selling common shares and preferred shares; borrowing from financial institutions; and entering into joint venture transactions with third parties. Our failure to obtain funds from these sources could limit our ability to grow, which could have a material adverse effect on the value of our securities.

Corporate Risks

The price of our common shares may fluctuate significantly.

The market price of our common shares fluctuates based upon numerous factors, many of which are outside of our control. A decline in our share price, whether related to our operating results or not, may constrain our ability to raise equity in pursuit of our business objectives. In addition, a decline in price may affect the perceptions of lenders, tenants, or others with whom we transact. Such parties may withdraw from doing business with us as a result. An inability to raise capital at a suitable cost or at any cost, or to do business with certain tenants or other parties, could affect our operations and financial condition.

Our failure to qualify as a REIT would result in higher taxes and reduced cash available for distribution to our shareholders.

We intend to operate in a manner so as to qualify as a REIT for federal income tax purposes. Our continued qualification as a REIT will depend on our satisfaction of certain asset, income, investment, organizational, distribution, shareholder ownership and other requirements on a continuing basis. Our ability to satisfy the asset requirements depends upon our analysis of the fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. In addition, our compliance with the REIT income and asset requirements depends upon our ability to manage successfully the composition of our income and assets on an ongoing basis. Moreover, the proper classification of an instrument as debt or equity for federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT qualification requirements. Accordingly, there can be no assurance that the Internal Revenue Service (“IRS”) will not contend that our interests in subsidiaries or other issuers constitute a violation of the REIT requirements. Moreover, future economic, market, legal, tax or other considerations may cause us to fail to qualify as a REIT.

If we were to fail to qualify as a REIT in any taxable year, we would be subject to federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates, and distributions to shareholders would not be deductible by us in computing our taxable income. Any such corporate tax liability could be substantial and would reduce the amount of cash available for distribution to our shareholders, which in turn could have an adverse impact on the value of, and trading prices for, our common shares. Unless entitled to relief under certain Code provisions, we also would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT.

Even if we qualify as a REIT, we may be subject to various federal income and excise taxes, as well as state and local taxes.

Even if we qualify as a REIT, we may be subject to federal income and excise taxes in various situations, such as if we fail to distribute all of our REIT taxable income. We also will be required to pay a 100% tax on non-arm's length transactions between us and our TRS and on any net income from sales of property that the IRS successfully asserts was property held for sale to customers in the ordinary course. Additionally, we may be subject to state or local taxation in various state or local jurisdictions, including those in which we transact business. The state and local tax laws may not conform to the federal income tax treatment. Any taxes imposed on us would reduce our operating cash flow and net income.

The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the United States Treasury Department. Changes to tax laws, which may have retroactive application, could adversely affect our shareholders or us. We cannot predict how changes in tax laws might affect our shareholders or us.

We are party to litigation in the ordinary course of business, and an unfavorable court ruling could have a negative effect on us.

We are the defendant in a number of claims brought by various parties against us. Refer to Item 3 and to Note 23 of the notes to the consolidated financial statements in Item 8 for a description of one such claim. Although we intend to exercise due care and consideration in all aspects our business, it is possible additional claims could be made against us. We maintain insurance coverage including general liability coverage to help protect us in the event a claim is awarded; however, some claims including the one described in Note 23 are uninsured. In the event that claims against us are successful and uninsured or underinsured, or we elect to settle claims that we determine are in our interest to settle, our operating results and cash flow could be adversely impacted. In addition, an increase in claims and/or payments could result in higher insurance premiums, which could also adversely affect our operating results and cash flow.

We are subject to various environmental laws and regulations which govern our operations and which may result in potential liability.

Under various federal, state and local laws, ordinances and regulations relating to the protection of the environment, a current or previous owner or operator of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances disposed, stored, released, generated, manufactured or discharged from, on, at, onto, under or in such property. Environmental laws often impose such liability without regard to whether the owner or operator knew of, or was responsible for, the presence or release of such hazardous or toxic substance. The presence of such substances, or the failure to properly remediate such substances when present, released or discharged, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. The cost of any required remediation and the liability of the owner or operator therefore as to any property is generally not limited under such environmental laws and could exceed the value of the property and/or the aggregate assets of the owner or operator. Persons who arrange for the disposal or treatment of hazardous or toxic substances may also be liable for the cost of removal or remediation of such substances at a disposal or treatment facility, whether or not such facility is owned or operated by such persons. In addition to any action required by federal, state or local authorities, the presence or release of hazardous or toxic substances on or from any property could result in private plaintiffs bringing claims for personal injury or other causes of action.

In connection with ownership (direct or indirect), operation, management and development of real properties, we have the potential to be liable for remediation, releases or injury. In addition, environmental laws impose on owners or operators the requirement of ongoing compliance with rules and regulations regarding business-related activities that may affect the environment. Such activities include, for example, the ownership or use of transformers or underground tanks, the treatment or discharge of waste waters or other materials, the removal or abatement of asbestos-containing materials ("ACMs") or lead-containing paint during renovations or otherwise, or notification to various parties concerning the potential presence of regulated matters, including ACMs. Failure to comply with such requirements could result in difficulty in the lease or sale of any affected property and/or the imposition of monetary penalties, fines or other sanctions in addition to the costs required to attain compliance. Several of our properties have or may contain ACMs or underground storage tanks; however, we are not aware of any potential environmental liability which could reasonably be expected to have a material impact on our financial position or results of operations. No assurance can be given that future laws, ordinances or regulations will not impose any material environmental requirement or liability, or that a material adverse environmental condition does not otherwise exist.

Restrictions on the ownership of our common shares are in place to preserve our REIT status.

Our declaration of trust restricts ownership by any one shareholder to no more than 9.8% of our outstanding common shares, subject to certain exceptions granted by our Board. The ownership limit is intended to ensure that we maintain our REIT status given that the Code imposes certain limitations on the ownership of the stock of a REIT. Not more than 50% in value of our outstanding shares of beneficial interest may be owned, directly or indirectly by five or fewer individuals (as defined in the Code) during the last half of any taxable year. If an individual or entity were found to own constructively more than 9.8% in value of our outstanding shares, then any excess shares would be transferred by operation of our declaration of trust to a charitable trust, which would sell such shares for the benefit of the shareholder in accordance with procedures specified in our declaration of trust.

The ownership limit may discourage a change in control, may discourage tender offers for our common shares, and may limit the opportunities for our shareholders to receive a premium for their shares. Upon due consideration, our Board previously had granted a limited exception to this restriction for certain shareholders who requested an increase in their ownership limit, however the Board has no obligation to grant such limited exceptions in the future.

Certain anti-takeover provisions of our Declaration of Trust and Bylaws may inhibit a change of our control.

Certain provisions contained in our Declaration of Trust and Bylaws and the Maryland General Corporation Law, as applicable to Maryland REITs, may discourage a third party from making a tender offer or acquisition proposal to us. These provisions and actions may delay, deter or prevent a change in control or the removal of existing management. These provisions and actions also may delay or prevent the shareholders from receiving a premium for their common shares of beneficial interest over then-prevailing market prices.

These provisions and actions include:

the REIT ownership limit described above;

authorization of the issuance of our preferred shares of beneficial interest with powers, preferences or rights to be determined by our Board;

special meetings of our shareholders may be called only by the chairman of our Board, the president, one-third of the Trustees, or the secretary upon the written request of the holders of shares entitled to cast not less than a majority of all the votes entitled to be cast at such meeting;

a two-thirds shareholder vote is required to approve some amendments to our Declaration of Trust;

our Bylaws contain advance-notice requirements for proposals to be presented at shareholder meetings; and

our Board, without the approval of our shareholders, may from time to time (i) amend our declaration of trust to increase or decrease the aggregate number of shares of beneficial interest, or the number of shares of beneficial interest of any class, that we have authority to issue, and (ii) reclassify any unissued shares of beneficial interest into one or more classes or series of shares of beneficial interest.

In addition, the Trust, by Board action, may elect to be subject to certain provisions of the Maryland General Corporation Law that inhibit takeovers such as the provision that permits the Board by way of resolution to classify itself, notwithstanding any provision our Declaration of Trust or Bylaws.

Certain officers and trustees may have potential conflicts of interests with respect to properties contributed to the Operating Partnership in exchange for OP Units.

Certain of our officers and members of our Board of Trustees own OP Units obtained in exchange for contributions of their partnership interests in properties to the Operating Partnership. By virtue of this exchange, these individuals may have been able to defer some, if not all, of the income tax liability they could have incurred if they sold the properties for cash. As a result, these individuals may have potential conflicts of interest with respect to these properties, such as sales or refinancings that might result in federal income tax consequences.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties

As of December 31, 2010, we owned and managed a portfolio of 89 shopping centers and one office building with approximately 20.3 million square feet of gross leasable area, of which 15.6 million is owned directly by us or our unconsolidated joint venture partnerships. Our combined portfolio reflected in Item 2 represents consolidated properties and unconsolidated joint venture properties at 100%. Our consolidated properties are encumbered by total debt of $543.5 million, which includes mortgage loans, our revolving credit facility, term loan and bridge loan. Our unconsolidated joint venture properties are encumbered by mortgage loans of $436.6 million, of which $114.0 million is our proportionate share.

The following table provides information for all properties in which we owned an equity interest, had a leasehold interest, or otherwise controlled as of December 31, 2010:

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Property Name	Ownership %	Year Built / Renovated	Total Center GLA (1)	Total Owned GLA (1)	% Leased	Average base rent per leased SF	Anchor Tenants (2)
CONSOLIDATED PORTFOLIO							
FLORIDA (11)							
Coral Creek Shops	100 %	1992/2002/NA	109,312	109,312	90.8 %	$ 15.17	Publix
Lantana Shopping Center	100 %	1959/1996/2002	123,610	123,610	94.9 %	10.96	Publix
Naples Towne Centre	100 %	1982/1996/2003	167,387	134,707	98.5 %	5.89	Beall's, Save-A-Lot, (Goodwill)
Pelican Plaza	100 %	1983/1997/NA	93,598	93,598	82.9 %	9.87	Linens 'N Things (5)
River City Marketplace	100 %	2005/2005/NA	887,466	544,965	95.1 %	15.66	Ashley Furniture HomeStore, Bed Bath & Beyond, Best Buy, Gander Mountain, Michaels, OfficeMax, PETsMART, Ross Dress For Less, Wallace Theaters, (Lowe's), (Wal-Mart)
River Crossing Centre	100 %	1998/2003/NA	62,038	62,038	92.7 %	12.07	Publix
Rivertowne Square	100 %	1980/1998/NA	154,349	154,349	89.7 %	8.63	Beall's Outlet, Winn-Dixie
Southbay Shopping Center	100 %	1978/1998/NA	96,790	96,790	80.3 %	8.60	Beall's Clearance Store (3)
Sunshine Plaza	100 %	1972/1996/2001	237,026	237,026	88.2 %	8.04	Old Time Pottery, Publix
The Crossroads	100 %	1988/2002/NA	120,092	120,092	86.9 %	15.45	Publix
Village Lakes Shopping	100 %	1987/1997/NA	186,496	186,496	63.2 %	8.97	Sweet Bay

Center									
Total / Average				2,238,164	1,862,983	88.6	%	$11.78	
GEORGIA (6)									
Centre at Woodstock	100	%	1997/2004/NA	86,748	86,748	78.9	%	$11.20	Publix
Conyers Crossing	100	%	1978/1998/NA	170,475	170,475	100.0	%	5.15	Burlington Coat Factory, Hobby Lobby
Holcomb Center	100	%	1986/1996/NA	107,053	107,053	74.4	%	10.78	Studio Movie Grill
Horizon Village	100	%	1996/2002/NA	97,001	97,001	89.8	%	10.15	Publix (3)
Mays Crossing	100	%	1984/1997/2007	137,284	137,284	95.5	%	6.59	Big Lots, Dollar Tree, Value Village - Sublessee of ARCA Inc
Promenade at Pleasant Hill	100	%	1993/2004/NA	280,225	280,225	48.7	%	10.30	Farmers Home Furniture, Publix
Total / Average				878,786	878,786	76.6	%	$8.40	
ILLINOIS (1)									
Liberty Square	100	%	1987/2010/2008	107,369	107,369	86.3	%	$13.03	Jewel Osco
Total / Average				107,369	107,369	86.3	%	$13.03	
INDIANA (1)									
Merchants' Square	100	%	1970/2004/NA	358,875	278,875	90.3	%	$10.11	Cost Plus, Hobby Lobby (3), (Marsh Supermarket)
Total / Average				358,875	278,875	90.3	%	$10.11	
MICHIGAN (26)									
Beacon Square	100	%	2004/2004/NA	154,703	51,387	89.4	%	$17.17	(Home Depot)
Clinton Pointe	100	%	1992/2003/NA	248,206	135,330	91.1	%	9.75	OfficeMax, Sports Authority, (Target)
Clinton Valley	100	%	1985/1996/2009	102,001	102,001	91.0	%	7.08	Hobby Lobby
Clinton Valley Mall	100	%	1977/1996/2002	99,281	99,281	100.0	%	16.00	Office Depot, DSW Shoe Warehouse
Eastridge Commons	100	%	1990/1996/2001	287,453	169,676	53.6	%	8.79	Office Depot (3), T J Maxx, (Target)
Edgewood Towne Center	100	%	1990/1996/2001	312,950	85,757	72.0	%	11.74	OfficeMax, (Sam's Club), (Target)
	100	%	1987/2003/NA	338,808	137,508	94.1	%	12.91	

Fairlane Meadows									Best Buy, Citi Trends, (Burlington Coat Factory), (Target)
Fraser Shopping Center	100	%	1977/1996/NA	68,326	68,326	100.0	%	6.08	Oakridge Market
Gaines Marketplace	100	%	2004/2004/NA	392,169	392,169	99.2	%	4.47	Meijer, Staples, Target
Hoover Eleven	100	%	1989/2003/NA	299,076	299,076	74.1	%	12.30	Kroger, Marshalls, OfficeMax
Jackson Crossing	100	%	1967/1996/2002	652,770	398,528	94.8	%	9.70	Bed Bath & Beyond, Best Buy, Jackson 10 Theater, Kohl's, T J Maxx, Toys "R" Us, (Sears), (Target)
Jackson West	100	%	1996/1996/1999	210,321	210,321	90.7	%	7.11	Lowe's, Michaels, OfficeMax
Kentwood Towne Centre	77.9	%	1988/1996//NA	286,061	184,152	90.5	%	6.09	Hobby Lobby - Sublessee of Rubloff Development Group, OfficeMax, (Rooms Today)
Lake Orion Plaza	100	%	1977/1996/NA	141,073	141,073	100.0	%	3.98	Hollywood Super Market, Kmart
Lakeshore Marketplace	100	%	1996/2003/NA	474,453	347,653	97.8	%	7.93	Barnes & Noble, Dunham's, Elder-Beerman, Hobby Lobby, T J Maxx, Toys "R" Us, (Target)
Livonia Plaza	100	%	1988/2003/NA	136,422	136,422	92.9	%	10.29	Kroger, TJ Maxx
Madison Center	100	%	1965/1997/2000	227,088	227,088	83.1	%	6.12	Kmart
New Towne Plaza	100	%	1975/1996/2005	189,223	189,223	98.9	%	9.75	Jo-Ann, Kohl's
Oak Brook Square	100	%	1982/1996/NA	152,373	152,373	94.4	%	8.67	Hobby Lobby, TJ Maxx
Roseville Towne Center	100	%	1963/1996/2004	246,968	246,968	100.0	%	6.90	Marshalls, Office Depot (3), Wal-Mart
Shoppes at Fairlane Meadows	100	%	2007/NA/NA	19,738	19,738	100.0	%	23.02	N/A
Southfield Plaza	100	%	1969/1996/2003	165,999	165,999	98.0	%	7.44	Burlington Coat Factory, Marshalls, Staples

								(3)
Tel-Twelve	100	%	1968/1996/2005	523,411	523,411	98.9	%	10.69	Best Buy, DSW Shoe Warehouse, Lowe's, Meijer, Michaels, Office Depot, PETsMART
The Auburn Mile	100	%	2000/1999/NA	624,212	90,553	100.0	%	10.66	Jo-Ann, Staples, (Best Buy), (Costco), (Meijer), (Target)
West Oaks I	100	%	1979/1996/2004	243,987	243,987	100.0	%	9.55	Best Buy, DSW Shoe Warehouse, Gander Mountain, Home Goods - Sublessee of JLPK-Novi LLC, Michaels, Old Navy
West Oaks II	100	%	1986/1996/2000	389,094	167,954	99.4	%	17.37	Jo-Ann, Marshalls, (Bed Bath & Beyond), (Kohl's), (Toys "R" Us), (Value City Furniture)
Total / Average				6,986,166	4,985,954	92.9	%	$9.11	

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Property Name	Ownership %	Year Built / Renovated	Total Center GLA (1)	Total Owned GLA (1)	% Leased	Average base rent per leased SF	Anchor Tenants (2)
OHIO (5)							
Crossroads Centre	100 %	2001/2001/NA	470,245	344,045	97.1 %	$9.01	Giant Eagle, Home Depot, Michaels, T J Maxx, (Target)
OfficeMax Center	100 %	1994/1996/NA	22,930	22,930	100.0 %	12.10	OfficeMax
Rossford Pointe	100 %	2006/2005/NA	47,477	47,477	100.0 %	9.86	Office Depot (3), PETsMART
Spring Meadows Place	100 %	1987/1996/2005	596,587	211,817	92.1 %	11.16	Ashley Furniture, OfficeMax, PETsMART, T J Maxx, (Best Buy), (Big Lots), (Dick's Sporting Goods), (Guitar Center), (Kroger), (Sam's Club), (Target)
Troy Towne Center	100 %	1990/1996/2003	341,719	144,610	97.6 %	6.14	Kohl's, (Wal-Mart)
Total / Average			1,478,958	770,879	96.1 %	$9.18	
SOUTH CAROLINA (1)							
Taylors Square	100 %	1989/1997/2005	241,236	33,791	95.8 %	$17.26	(Wal-Mart)
Total / Average			241,236	33,791	95.8 %	$17.26	
TENNESSEE (2)							
Northwest Crossing	100 %	1989/1997/NA	304,224	96,279	100.0 %	$8.77	HH Gregg, Ross Dress For Less, (Wal-Mart)
Northwest Crossing II	100 %	1999/1999/NA	28,174	28,174	100.0 %	11.38	OfficeMax
Total / Average			332,398	124,453	100.0 %	$9.36	
VIRGINIA (1)							

The Town Center at Aquia (7)	100	%	1989/1998/NA	97,990	97,990	89.0	%	$