RAMCO GERSHENSON PROPERTIES TRUST
Form 10-Q
November 08, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2012

Commission file number 1-10093

RAMCO-GERSHENSON PROPERTIES TRUST
(Exact name of registrant as specified in its charter)

MARYLAND (State of other jurisdiction of incorporation or organization)	13-6908486 (I.R.S Employer Identification Numbers)
31500 Northwestern Highway Farmington Hills, Michigan (Address of principal executive offices)	48334 (Zip Code)

248-350-9900
(Registrant’s telephone number, including area code)

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes x No o

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 the 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 a smaller	Smaller reporting company o

reporting company)

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

Number of common shares of beneficial interest ($0.01 par value) of the registrant outstanding as of October 31, 2012: 47,707,833

INDEX

PART I – FINANCIAL INFORMATION		Page No.
Item 1.	Unaudited Condensed Consolidated Financial Statements Condensed Consolidated Balance Sheets – September 30, 2012 and December 31, 2011	3
	Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) - Three and Nine Months Ended September 30, 2012 and 2011	4
	Condensed Consolidated Statements of Shareholders' Equity - Nine Months Ended September 30, 2012	5
	Condensed Consolidated Statements of Cash Flows – Nine Months Ended September 30, 2012 and 2011	6
	Notes to Condensed Consolidated Financial Statements	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	23
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	35
Item 4.	Controls and Procedures	36
PART II – OTHER INFORMATION		
Item 1.	Legal Proceedings	37
Item 1A.	Risk Factors	37
Item 6.	Exhibits	37

PART 1 – FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

RAMCO-GERSHENSON PROPERTIES TRUST
CONDENSED CONSOLIDATED BALANCE SHEETS
September 30, 2012 (Unaudited) and December 31, 2011
(In thousands, except per share amounts)

	September 30, 2012	December 31, 2011
ASSETS		
Income producing properties, at cost:		
Land	$158,985	$133,145
Buildings and improvements	941,321	863,763
Less accumulated depreciation and amortization	(230,068)	(222,722)
Income producing properties, net	870,238	774,186
Construction in progress and land held for development or sale	96,768	87,549
Net real estate	967,006	861,735
Equity investments in unconsolidated joint ventures	96,549	97,020
Cash and cash equivalents	8,353	12,155
Restricted cash	4,949	6,063
Accounts receivable (net of allowance for doubtful accounts of $2,920 and $3,516 as of September 30, 2012 and December 31, 2011, respectively)	8,966	9,614
Note receivable	6,111	3,000
Other assets, net	74,048	59,236
TOTAL ASSETS	$1,165,982	$1,048,823
LIABILITIES AND SHAREHOLDERS' EQUITY		
Mortgages and notes payable:		
Mortgages payable	$294,295	$325,887
Unsecured revolving credit facility	45,000	29,500
Unsecured term loan facilities	180,000	135,000
Junior subordinated notes	28,125	28,125
Total mortgages and notes payable	547,420	518,512
Capital lease obligation	6,104	6,341
Accounts payable and accrued expenses	18,762	18,662
Other liabilities	25,862	15,528
Distributions payable	10,022	8,606
TOTAL LIABILITIES	608,170	567,649
Ramco-Gershenson Properties Trust ("RPT") Shareholders' Equity:		
Preferred shares, $0.01 par, 2,000 shares authorized: 7.25% Series D Cumulative Convertible Perpetual Preferred Shares, (stated at liquidation preference $50 per share), 2,000 shares issued and outstanding as of September 30, 2012 and December 31, 2011	$100,000	$100,000
Common shares of beneficial interest, $0.01 par, 80,000 shares authorized, 47,699 and 38,735 shares issued and outstanding as	477	387

of September 30, 2012 and December 31, 2011, respectively		
Additional paid-in capital	673,150	570,225
Accumulated distributions in excess of net income	(240,659)	(218,888)
Accumulated other comprehensive loss	(5,639)	(2,649)
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO RPT	527,329	449,075
Noncontrolling interest	30,483	32,099
TOTAL SHAREHOLDERS' EQUITY	557,812	481,174
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,165,982	$1,048,823

The accompanying notes are an integral part of these condensed consolidated financial statements.

RAMCO-GERSHENSON PROPERTIES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(In thousands, except per share amounts)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
REVENUE				
Minimum rent	$23,181	$20,416	$66,340	$59,640
Percentage rent	170	105	378	214
Recovery income from tenants	7,826	7,201	23,270	21,419
Other property income	497	1,621	1,672	3,721
Management and other fee income	1,021	1,306	2,935	3,093
TOTAL REVENUE	32,695	30,649	94,595	88,087
EXPENSES				
Real estate taxes	4,094	3,695	12,847	12,130
Recoverable operating expense	3,955	3,515	11,275	10,278
Other non-recoverable operating expense	682	946	1,956	2,268
Depreciation and amortization	10,614	8,433	28,990	25,505
General and administrative expense	4,990	5,345	14,746	15,265
TOTAL EXPENSES	24,335	21,934	69,814	65,446
INCOME BEFORE OTHER INCOME AND EXPENSES, TAX AND DISCONTINUED OPERATIONS	8,360	8,715	24,781	22,641
OTHER INCOME AND EXPENSES				
Other income (expense), net	54	192	171	(219)
Gain on sale of real estate	-	45	69	231
Earnings from unconsolidated joint ventures	1,008	3,702	2,084	5,336
Interest expense	(6,430)	(6,320)	(19,509)	(20,743)
Amortization of deferred financing fees	(354)	(387)	(1,108)	(1,482)
Provision for impairment on equity investments in unconsolidated joint ventures	(294)	-	(294)	-
Deferred gain recognized	845	-	845	-
Loss on extinguishment of debt	-	-	-	(1,968)
INCOME FROM CONTINUING OPERATIONS BEFORE TAX	3,189	5,947	7,039	3,796
Income tax benefit (provision)	19	(94)	18	(984)
INCOME FROM CONTINUING OPERATIONS	3,208	5,853	7,057	2,812
DISCONTINUED OPERATIONS				
(Loss) gain on sale of real estate	-	(33)	336	8,386
Gain on extinguishment of debt	-	-	307	-
Provision for impairment	-	-	(2,536)	-
Income (loss) from discontinued operations	113	(18)	269	(120)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	113	(51)	(1,624)	8,266

NET INCOME	3,321	5,802	5,433	11,078
Net (income) loss attributable to noncontrolling partner interest	(158)	(389)	191	(739)
NET INCOME ATTRIBUTABLE TO RPT	3,163	5,413	5,624	10,339
Preferred share dividends	(1,813)	(1,813)	(5,438)	(3,432)
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	$1,350	$3,600	$186	$6,907
INCOME (LOSS) PER COMMON SHARE, BASIC				
Continuing operations	$0.03	$0.09	$0.04	$(0.02)
Discontinued operations	-	-	(0.04)	0.20
	$0.03	$0.09	$-	$0.18
INCOME (LOSS) PER COMMON SHARE, DILUTED				
Continuing operations	$0.03	$0.09	$0.04	$(0.02)
Discontinued operations	-	-	(0.04)	0.20
	$0.03	$0.09	$-	$0.18
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	46,911	38,596	42,834	38,351
Diluted	47,197	38,739	43,115	38,513
OTHER COMPREHENSIVE INCOME				
Net income	$3,321	$5,802	$5,433	$11,078
Other comprehensive income:				
Loss on interest rate swaps	(960)	(2,023)	(3,163)	(2,023)
Comprehensive income	2,361	3,779	2,270	9,055
Comprehensive loss (income) attributable to noncontrolling interest	46	(517)	173	(867)
COMPREHENSIVE INCOME ATTRIBUTABLE TO RPT	$2,407	$3,262	$2,443	$8,188

The accompanying notes are an integral part of these condensed consolidated financial statements.

RAMCO-GERSHENSON PROPERTIES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the nine months ended September 30, 2012
(In thousands)
(Unaudited)

	Shareholders' Equity of Ramco-Gershenson Properties Trust						
	Preferred Shares	Common Shares	Additional Paid-in Capital	Accumulated Distributions in Excess of Net Income	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Shareholders' Equity
Balance, December 31, 2011	$ 100,000	$ 387	$ 570,225	$ (218,888)	$ (2,649)	$ 32,099	$ 481,174
Issuance of common shares	-	90	101,491	-	-	-	101,581
Share-based compensation and other expense	-	-	1,434	-	-	-	1,434
Dividends declared to common shareholders	-	-	-	(21,768)	-	-	(21,768)
Dividends declared to preferred shareholders	-	-	-	(5,438)	-	-	(5,438)
Distributions declared to noncontrolling interests	-	-	-	-	-	(1,252)	(1,252)
Dividends declared to deferred shares	-	-	-	(189)	-	-	(189)
Other comprehensive income adjustment	-	-	-	-	(2,990)	(173)	(3,163)
Net income (loss)	-	-	-	5,624	-	(191)	5,433
Balance, September 30, 2012	$ 100,000	$ 477	$ 673,150	$ (240,659)	$ (5,639)	$ 30,483	$ 557,812

The accompanying notes are an integral part of these condensed consolidated financial statements.

RAMCO-GERSHENSON PROPERTIES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended September 30, 2012 and 2011
(In thousands)
(Unaudited)

	Nine months ended September 30,	
	2012	2011
OPERATING ACTIVITIES		
Net income	$5,433	$11,078
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including discontinued operations	29,332	27,597
Amortization of deferred financing fees, including discontinued operations	1,113	1,493
Income tax (benefit) provision	(18)	984
Earnings from unconsolidated joint ventures	(2,084)	(5,336)
Distributions received from operations of unconsolidated joint ventures	3,301	3,143
Provision for impairment from discontinued operations	2,536	-
Provision for impairment on equity investments in unconsolidated joint ventures	294	-
(Gain) loss on extinguishment of debt, including discontinued operations	(307)	1,968
Deferred gain recognized	(845)	-
Gain on sale of real estate, including discontinued operations	(405)	(8,617)
Amortization of premium on mortgages and notes payable, net	(23)	(27)
Share-based compensation expense	1,540	1,384
Changes in assets and liabilities:		
Accounts receivable, net	138	516
Other assets, net	5,120	2,239
Accounts payable, accrued expenses and other liabilities	(1,858)	(4,244)
Net cash provided by operating activities	43,267	32,178
INVESTING ACTIVITIES		
Additions to real estate	$(163,878)	$(55,905)
Net proceeds from sales of real estate	10,292	24,978
Distributions from sale of joint venture property	2,227	3,709
Decrease (increase) in restricted cash	1,114	(909)
Investment in unconsolidated joint ventures	(3,302)	(9,279)
Note receivable from third party	(3,111)	-
Purchase of partner's equity in consolidated joint ventures	-	(1,000)
Net cash used in investing activities	(156,658)	(38,406)
FINANCING ACTIVITIES		
Proceeds on mortgages and notes payable	$45,000	$212,650
Repayment of mortgages and notes payable	(23,068)	(155,661)
Net proceeds (repayments) on revolving credit facility	15,500	(119,750)
Payment of deferred financing costs	(1,959)	(2,721)
Proceeds from issuance of common stock	101,581	8,811
Proceeds from issuance of preferred shares	-	96,647
Repayment of capitalized lease obligation	(237)	(224)
Dividends paid to preferred shareholders	(5,438)	(1,619)

Dividends paid to common shareholders	(20,500)	(18,831)
Distributions paid to operating partnership unit holders	(1,290)	(1,447)
Net cash provided by financing activities	109,589	17,855
Net change in cash and cash equivalents	(3,802)	11,627
Cash and cash equivalents at beginning of period	12,155	10,175
Cash and cash equivalents at end of period	$8,353	$21,802
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY		
Conveyance of ownership interest to lender, release from mortgage obligation	$8,501	$-
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest (net of capitalized interest of $758 and $359 in 2012 and 2011, respectively)	$19,733	$21,420
Cash paid for federal income taxes	16	63

The accompanying notes are an integral part of these condensed consolidated financial statements.

RAMCO-GERSHENSON PROPERTIES TRUST
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and Basis of Presentations

Organization

Ramco-Gershenson Properties Trust, together with its subsidiaries (the "Company"), is a real estate investment trust ("REIT") engaged in the business of owning, developing, redeveloping, acquiring, managing and leasing community shopping centers located in the Eastern and Midwestern regions of the United States. At September 30, 2012, we owned and managed, either directly or through our interest in real estate joint ventures, a portfolio of 80 shopping centers and one office building, with approximately 15 million square feet of gross leasable area ("GLA"). We also owned interests in three parcels of land held for development or sale and six parcels of land adjacent to certain of our existing developed properties located in Colorado, Florida, Georgia, Michigan, Tennessee and Virginia. Most of our properties are anchored by supermarkets and/or national chain stores. The Company's credit risk, therefore, is concentrated in the retail industry.

Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of the Company and our majority owned subsidiary, the Operating Partnership, Ramco-Gershenson Properties, L.P. (95.3% and 93.7% owned by the Company at September 30, 2012 and December 31, 2011, respectively,) and all wholly-owned subsidiaries, including entities in which we have a controlling financial interest. We have elected to be a REIT for federal income tax purposes. All intercompany balances and transactions have been eliminated in consolidation. The information furnished is unaudited and reflects all adjustments which are, in the opinion of management, necessary to reflect a fair statement of the results for the interim periods presented, and all such adjustments are of a normal recurring nature. These condensed consolidated financial statements should be read in conjunction with our 2011 Annual Report on Form 10-K.

The preparation of our unaudited financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited financial statements and the reported amounts of revenues and expenses during the reporting period. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and reported amounts that are not readily apparent from other sources. Actual results could differ from those estimates.

Sales Taxes

We collect various taxes from tenants and remit these amounts, on a net basis, to the applicable taxing authorities.

Reclassifications

Certain reclassifications of prior period amounts have been made in the condensed consolidated financial statements in order to conform to the current presentation.

Recent Accounting Pronouncements

In July 2012 the FASB updated ASC 350 “Intangibles – Goodwill and Other – Testing Indefinite-Lived Intangible Assets for Impairment” with ASU 2012-02. This update amends the procedures for testing the impairment of indefinite-lived intangible assets by permitting an entity to first assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible assets are impaired. An entity’s assessment of the totality of events and circumstances and their impact on the entity’s indefinite-lived intangible assets will then be used as a basis for determining whether it is necessary to perform the quantitative impairment test as described in ASC 350-30. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. We do not expect this update to have a material impact on our consolidated financial statements.

In May 2011, the FASB updated ASC 820 "Fair Value Measurements and Disclosures" with ASU 2011-04 "Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRS". The amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. This standard is to be applied prospectively and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. We adopted this standard in the first quarter 2012 and it did not have a material impact on our consolidated financial statements.

In June 2011, the FASB updated ASC 220 "Comprehensive Income" with ASU 2011-05 "Presentation of Comprehensive Income", which requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This standard is to be applied retrospectively and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. In December 2011, the FASB deferred portions of this update in its issuance of ASU 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income." ASU 2011-12 supersedes certain pending paragraphs in Update 2011-05. The amendments are being made to allow the FASB time to re-deliberate whether or not to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income for all periods presented. The new disclosures in this standard will not have a material impact on our results of operations or financial position, other than the presentation of comprehensive income.

In September 2011, the FASB updated ASC 350 "Intangibles – Goodwill and Other" with ASU 2011-08 "Testing Goodwill for Impairment". Under this update, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. This standard is effective for fiscal years beginning after December 15, 2011. We adopted this standard in the fourth quarter 2011 and it did not have a material impact on our consolidated financial statements.

2. Real Estate

Included in our net real estate are income producing shopping center properties that are recorded at cost less accumulated depreciation and amortization.

We review our investment in real estate, including any related intangible assets, for impairment on a property-by-property basis whenever events or changes in circumstances indicate that the remaining estimated useful lives of those assets may warrant revision or the applicable holding period changes and that the carrying value of the property may not be recoverable. For operating properties, these changes in circumstances include, but are not limited to, changes in occupancy, rental rates, tenant sales, net operating income, geographic location, and real estate values. In March 2012, we recorded a non-cash provision for impairment of $2.5 million at Kentwood Towne Center, a consolidated partnership, of which our share was $2.0 million. In June 2012, we conveyed our ownership interest in the Kentwood Towne Centre in Kentwood, Michigan to the lender in exchange for release from an $8.5 million non-recourse mortgage obligation.

Land held for development or sale consists of projects where vertical construction has yet to commence, but which have been identified as available for future development if and when market conditions dictate the demand for a new shopping center. The viability of all projects under construction or development, including those owned by unconsolidated joint ventures, are regularly evaluated under applicable accounting requirements, including

requirements relating to abandonment of assets or changes in use. Land held for development or sale was $84.4 million and $78.6 million at September 30, 2012 and December 31, 2011, respectively. The increase for 2012 was primarily related to the acquisition of undeveloped land when we acquired the Harvest Junction North and South Shopping Centers and infrastructure costs related to future phases of the Parkway development in Jacksonville, Florida.

Construction in progress represents existing development and redevelopment projects. When projects are substantially complete and ready for their intended use, balances are transferred to land or building and improvements as appropriate. Construction in progress was $12.3 million and $8.9 million at September 30, 2012 and December 31, 2011, respectively.

3. Property Acquisitions and Dispositions

Acquisitions

The following table provides a summary of our acquisition activity for the nine months ended September 30, 2012:

Property Name	Location	GLA / Acreage	Date Acquired	Gross Purchase Price	Debt
The Shoppes of Lakeland	Lakeland, FL	183,842	09/06/12	$28,000	$-
Central Plaza	Ballwin (St. Louis), MO	166,431	06/07/12	21,600	-
Harvest Junction North	Longmont (Boulder), CO	159,385	06/01/12	35,520	-
Harvest Junction South	Longmont (Boulder), CO	176,960	06/01/12	33,550	-
Nagawaukee Shopping Center	Delafield (Milwaukee), WI	113,617	06/01/12	15,000	-
	Total consolidated income producing acquisitions			$133,670	$-
Harvest Junction North Land	Longmont (Boulder), CO	14.0	06/01/12	$2,661	$-
	Total consolidated land / outparcel acquisitions			$2,661	$-
	Total consolidated acquisitions			$136,331	$-

The total aggregate fair value of our 2012 acquisitions through September 30, 2012, was allocated and is reflected in the following table in accordance with accounting guidance for business combinations.

	Allocated Fair Value (In thousands)
Land	$ 31,241
Land held for development	2,661
Buildings and improvements	90,903
Above market leases	1,772
Lease origination costs	14,638
Other assets	3,128
Below market leases	(8,012)
Total purchase price allocated	$ 136,331

Dispositions

The following table provides a summary of our disposition activity for the nine months ended September 30, 2012 (1):

Property Name	Location	GLA / Acreage	Date Sold	Gross Sales Price	Debt Repaid	Gain on Sale
				(In thousands)		
Southbay SC and Pelican Plaza	Osprey and Sarasota, FL	189,763	05/15/12	$5,600	$-	$72
Eastridge Commons	Flint, MI	169,676	02/27/12	1,750	-	137
OfficeMax Center	Toledo, OH	22,930	03/27/12	1,725	-	127
Total consolidated income producing dispositions				$9,075	$-	$336
Outparcel	Roswell, GA	2.26	02/14/12	$2,030	$-	$69
Total consolidated land / outparcel dispositions				$2,030	$-	$69
Total consolidated dispositions				$11,105	$-	$405

(1) The above table does not include the conveyance of our ownership interest in the Kentwood Towne Centre to the lender which resulted in a reduction of debt of $8.5 million.

4. Discontinued Operations

We will classify properties as held for sale when executed purchase and sales agreement contingencies have been satisfied thereby signifying that the sale is legally binding and we are able to conclude that the sale of the property within one year is probable. As of September 30, 2012, we did not have any income producing properties held for sale.

The following table provides a summary of selected operating results for those properties sold during the three and nine months ended September 30, 2012 and 2011:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In thousands)			
Total revenue	$115	$1,472	$1,789	$6,252
Expenses:				
Recoverable operating expenses	10	650	571	2,598
Other non-recoverable property operating expenses	(9)	34	253	427
Depreciation and amortization	-	384	342	2,087
Interest expense	-	422	248	1,260
Operating income (loss) of properties sold	114	(18)	375	(120)

Other expense	(1)	-	(106)	-
Provision for impairment	-	-	(2,536)	-
Gain on extinguishment of debt	-	-	307	-
Gain on sale of properties	-	(33)	336	8,386
Income (loss) from discontinued operations	$113	$(51)	$(1,624)	$8,266

5. Equity Investments in Unconsolidated Joint Ventures

The combined condensed financial information for our unconsolidated joint ventures is summarized as follows:

Balance Sheets	September 30, 2012	December 31, 2011
	(In thousands)	
ASSETS		
Investment in real estate, net	$ 821,077	$ 866,184
Other assets	56,535	61,377
Total Assets	$ 877,612	$ 927,561
LIABILITIES AND OWNERS' EQUITY		
Mortgage notes payable	$ 374,167	$ 396,792
Other liabilities	15,408	16,547
Owners' equity	488,037	514,222
Total Liabilities and Owners' Equity	$ 877,612	$ 927,561
RPT's equity investments in unconsolidated joint ventures	$ 96,549	$ 97,020

Statements of Operations	Three Months Ended September 30, 2012	2011	Nine Months Ended September 30, 2012	2011
	(In thousands)		(In thousands)	
Total Revenue	$20,848	$21,966	$62,797	$67,156
Total Expenses	19,028	18,877	57,531	58,919
Income before other income and expenses	1,820	3,089	5,266	8,237
Provision for impairment of long-lived assets (1)	-	-	(712)	(125)
Gain on extinguishment of debt	77	-	275	-
Gain on sale of land	716	-	716	-
Gain (loss) on sale of real estate (2)	28	6,796	(61)	6,796
Net Income	$2,641	$9,885	$5,484	$14,908
RPT's share of earnings from unconsolidated joint ventures (3)	$975	$3,554	$2,481	$5,187

(1) In 2012 the Ramco HHF KL LLC joint venture recorded a $0.7 million impairment of long-lived assets related to the Shoppes of Lakeland, which was subsequently sold in September 2012. In 2011 the Ramco/West Acres LLC joint venture recorded a $0.1 million impairment of long-lived assets.
(2) Represents the net gain on the sale to Ramco of The Shoppes of Lakeland and the acquisition, by Ramco, of the partner’s interest in the S-12 joint venture.
(3) Ramco’s share of earnings from unconsolidated joint ventures reflected in the statement of operations is adjusted for the three and nine months ended September 30, 2012 by adding $33,000 related to the acquisition of the partner’s interest in the S-12 joint venture as well as for the nine months ended September 30, 2012, by subtracting $0.43 million of expense related to the liquidation of the Ramco/West Acres LLC.

As of September 30, 2012, we had investments in the following unconsolidated joint ventures:

Unconsolidated Entities	Ownership as of September 30, 2012	Total Assets as of September 30, 2012	Total Assets as of December 31, 2011
		(In thousands)	
Ramco/Lion Venture LP	30 %	$ 511,738	$ 517,344
Ramco 450 Venture LLC	20 %	300,932	300,380
Ramco HHF NP LLC	7 %	26,248	26,140
Ramco HHF KL LLC	7 %	20,483	49,731
Ramco 191 LLC	20 %	17,655	23,272
Other Joint Ventures	(1)	556	10,694
		$ 877,612	$ 927,561

(1) Other JV's include joint ventures formed with private investors in which we own 40%-50% of the sole property in the joint venture. The balance remaining in 2012 represents residual interests in property joint ventures where the properties have been sold and the joint ventures are in the process of dissolution.

There was no acquisition activity in the nine months ended September 30, 2012 and 2011 by any of our unconsolidated joint ventures.

In September, 2012 the Ramco HHF KL LLC sold the Shoppes at Lakeland to us for $28 million resulting in a gain of $0.2 million to the joint venture. One property remains in this joint venture.

In June, 2012 the Ramco 191 LLC sold a portion of a shopping center located in Cartersville, Georgia for $4.6 million resulting in a $0.1 million loss, of which our share was $18,000, generating approximately $4.3 million in net cash proceeds, of which our share was $0.9 million. Of the two remaining outparcels, one was sold in September 2012 generating $0.8 million in net cash proceeds, of which our share was $0.2 million. The remaining parcel sale was completed subsequent to the quarter ended September 30, 2012.

Debt

Our unconsolidated joint ventures had the following debt outstanding at September 30, 2012:

Entity Name	Balance Outstanding
	(In thousands)
Ramco/Lion Venture LP (1)	$ 196,082
Ramco 450 Venture LLC (2)	170,065
Ramco 191 LLC (3)	7,962

	$	374,109
Unamortized premium		58
Total mortgage debt	$	374,167

(1) Maturities range from July 2013 to June 2020 with interest rates ranging from 5.0% to 8.2%.
(2) Maturities range from January 2013 to January 2017 with interest rates ranging from 5.3% to 6.0%.
(3) Balance relates to Paulding Pavillion's mortgage loan which was extended to December 2012. The interest rate is variable based on LIBOR plus 3.50%.

Subsequent to the quarter ended September 30, 2012, Ramco/Lion Venture LP completed the conveyance of its ownership interest in Gratiot Crossing to the lender in lieu of repayment of a non-recourse mortgage loan in the amount of $13.4 million, of which our share is approximately $4.0 million. In December 2011, the joint venture recorded an impairment provision of $5.5 million related to this property, of which our share was $1.6 million, as a result of an anchor tenant’s decision not to renew its lease.

Joint Venture Management and Other Fee Income

We are engaged by certain of our joint ventures to provide asset management, property management, leasing and investing services for such venture's respective properties. We receive fees for our services, including a property management fee calculated as a percentage of gross revenues received and recognize these fees as the services are rendered. In addition, we periodically provide management services for properties that are not owned and receive similar fees.

The following table provides information for our fees earned which are reported in our condensed consolidated statements of operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In thousands)		(In thousands)	
Management fees	$ 636	$ 677	$ 2,006	$ 2,065
Leasing fees	253	458	683	758
Acquisition/disposition fees	-	66	-	66
Construction fees	132	105	246	204
Total	$ 1,021	$ 1,306	$ 2,935	$ 3,093

6. Other Assets, Net

Other assets consist of the following:

	September 30, 2012	December 31, 2011
	(In thousands)	
Deferred leasing costs, net	$ 17,205	$ 14,895
Deferred financing costs, net	6,406	5,565
Lease intangible assets, net	26,512	13,702
Straight-line rent receivable, net	15,156	16,030
Prepaid and other deferred expenses, net	6,857	6,702
Other, net	1,912	2,342
Other assets, net	$ 74,048	$ 59,236

Total accumulated amortization of other assets was $33.0 million and $27.3 million at September 30, 2012 and December 31, 2011, respectively.

Intangible assets attributable to lease origination costs and for above-market leases are being amortized over the lives of the applicable lease. Amortization of lease origination costs is an increase to amortization expense and amortization of above-market leases is a reduction to minimum rent revenue over the initial terms of the respective leases. Amortization of the above-market leases resulted in a reduction of revenue of approximately $0.6 million and $0.5 million for the nine months ended September 30, 2012 and 2011, respectively.

Unbilled straight-line rent receivables of $15.2 million and $16.0 million at September 30, 2012 and December 31, 2011, respectively are net of allowances of $2.6 million and $1.5 million for the same period.

7. Debt

The following table summarizes our mortgages and notes payable and capital lease obligation as of September 30, 2012 and December 31, 2011:

Mortgages and Notes Payable	September 30, 2012	December 31, 2011
	(In thousands)	
Fixed rate mortgages	$ 294,271	$ 325,840
Unsecured revolving credit facility	45,000	29,500
Unsecured term loan facilities	180,000	135,000
Junior subordinated notes	28,125	28,125
	547,396	518,465
Unamortized premium	24	47
	$ 547,420	$ 518,512
Capital lease obligation (1)	$ 6,104	$ 6,341

(1) 99 year ground lease expires September 2103. However, an anchor tenant's exercise of its option to purchase its parcel in October 2014 would require us to purchase the real estate that is subject to the ground lease.

On July 19, 2012 we entered into a $360 million unsecured credit facility which amends and restates our prior $250 million facility. The amended facility is comprised of a $240 million revolving line of credit with a four-year term and one-year extension option and a five-year $120 million term loan. The amended facility can be upsized to $450 million through an accordion feature. Borrowings under the amended facility are priced at LIBOR plus 165 to 225 basis points based upon a pricing grid tied to our leverage ratio.

We repaid two wholly owned property mortgages secured by our Coral Creek and The Crossroads shopping centers totaling $19.4 million. The mortgages bore interest at a fixed rate of 6.8% and 6.5%, respectively. Our remaining fixed rate mortgages have interest rates ranging from 5.1% to 7.6%, and are due at various maturity dates from July 2013 through April 2020. The fixed rate mortgage notes are secured by mortgages on properties that have an approximate net carrying value of $272.4 million as of September 30, 2012.

In June 2012, we conveyed our ownership interest in the Kentwood Towne Centre located in Kentwood, Michigan to the lender in exchange for release from an $8.5 million non-recourse mortgage obligation.

We had net borrowings of $15.5 million on our revolving credit facility during the nine months ended September 30, 2012 and had outstanding letters of credit issued under our revolving credit facility, not reflected in the accompanying condensed consolidated balance sheets, of $1.2 million. These letters of credit reduce borrowing availability under the bank facility.

The revolving credit and term loan facilities contain financial covenants relating to total leverage, fixed charge coverage ratio, tangible net worth and various other calculations. As of September 30, 2012, we were in compliance with these covenants.

Our junior subordinated notes have a fixed interest rate until January 2013 after which time the rate becomes variable at LIBOR plus 3.30%. The maturity date is January 2038.

The mortgage loans encumbering our properties, including properties held by our unconsolidated joint ventures, are generally nonrecourse, subject to certain exceptions for which we would be liable for any resulting losses incurred by the lender. These exceptions vary from loan to loan but generally include fraud or a material misrepresentation, misstatement or omission by the borrower, intentional or grossly negligent conduct by the borrower that harms the property or results in a loss to the lender, filing of a bankruptcy petition by the borrower, either directly or indirectly and certain environmental liabilities. In addition, upon the occurrence of certain events, such as fraud or filing of a bankruptcy petition by the borrower, we or our joint ventures would be liable for the entire outstanding balance of the loan, all interest accrued thereon and certain other costs, including penalties and expenses.

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.

The following table presents scheduled principal payments on mortgages and notes payable as of September 30, 2012:

Year Ending December 31,		
	(In thousands)	
2012 (October 1 - December 31)	$	1,132
2013		17,360
2014		33,432
2015		76,712
2016 (1)		46,648
Thereafter		372,112
Subtotal debt		547,396
Unamortized premium		24
Total debt (including unamortized premium)	$	547,420

(1) Scheduled maturities in 2016 include $45 million which represents the balance of the unsecured revolving credit facility drawn as of September 30, 2012.

We have no mortgage maturities until the third quarter of 2013 and it is our intent to repay these mortgages using cash, borrowings under our unsecured line of credit, or other sources of financing.

15

8. Other Liabilities, net

Other liabilities consist of the following:

	September 30, 2012	December 31, 2011
	(In thousands)	
Lease intangible liabilities, net	$ 14,784	$ 7,722
Cash flow hedge marked-to-market liability	5,991	2,828
Deferred liabilities	2,714	2,644
Tenant security deposits	1,956	1,866
Other, net	417	468
Other liabilities, net	$ 25,862	$ 15,528

The increase in other liabilities was primarily due to the acquisitions that were completed in June 2012 and the allocation of a portion of the purchase price to lease intangible liabilities. The lease intangible liability relates to below-market leases that are being accreted over the applicable terms of the acquired leases, which resulted in an increase of revenue of $0.6 million and $0.4 million for the nine months ended September 30, 2012 and 2011, respectively.

9. Fair Value

We utilize fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Derivative instruments (interest rate swaps) are recorded at fair value on a recurring basis. Additionally, we, from time to time, may be required to record other assets at fair value on a nonrecurring basis. As a basis for considering market participant assumptions in fair value measurements, GAAP establishes three fair value levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The assessed inputs used in determining any fair value measurement could result in incorrect valuations that could be material to our condensed consolidated financial statements. These levels are:

Level 1 Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 Valuation is based upon prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the assets or liabilities.

The following is a description of valuation methodologies used for our assets and liabilities recorded at fair value.

Derivative Assets and Liabilities

All of our derivative instruments are interest rate swaps for which quoted market prices are not readily available. For those derivatives, we measure fair value on a recurring basis using valuation models that use primarily market

observable inputs, such as yield curves. We classify these instruments as Level 2. Refer to Note 10 for additional information on our derivative financial instruments.

The table below presents the recorded amount of liabilities measured at fair value on a recurring basis as of September 30, 2012.

Liabilities	Total Fair Value	Level 1	Level 2	Level 3
		(in thousands)		
Derivative liabilities - interest rate swaps	$(5,991)	$-	$(5,991)	$-

The carrying values of cash and cash equivalents, restricted cash, receivables and accounts payable and accrued liabilities are reasonable estimates of their fair values because of the short maturity of these financial instruments.

We estimated the fair value of our debt based on our incremental borrowing rates for similar types of borrowing arrangements with the same remaining maturity and on the discounted estimated future cash payments to be made for other debt. The discount rates used approximate current lending rates for loans or groups of loans with similar maturities and credit quality, assumes the debt is outstanding through maturity and considers the debt's collateral (if applicable). Since such amounts are estimates that are based on limited available market information for similar transactions, there can be no assurance that the disclosed value of any financial instrument could be realized by immediate settlement of the instrument. Fixed rate debt (including variable rate debt swapped to fixed through derivatives) with carrying values of $457.4 million and $489.0 million as of September 30, 2012 and December 31, 2011, respectively, has fair values of approximately $457.7 million and $473.7 million, respectively. Variable rate debt's fair value is estimated to be the carrying values of $90 million and $29.5 million as of September 30, 2012 and December 31, 2011, respectively.

The following is a description of valuation methodologies used for our assets and liabilities recorded at fair value on a nonrecurring basis:

Net Real Estate

Our net investment in real estate, including any identifiable intangible assets, is subject to impairment testing on a nonrecurring basis. To estimate fair value, we use discounted cash flow models that include assumptions of the discount rates that market participants would use in pricing the asset. To the extent impairment has occurred, we charge to expense the excess of the carrying value of the property over its estimated fair value. We classify impaired real estate assets as nonrecurring Level 3.

Equity Investments in Unconsolidated Joint Ventures

Our equity investments in unconsolidated joint ventures are subject to impairment testing on a nonrecurring basis if a decline in the fair value of the investment below the carrying amount is determined to be a decline that is other-than-temporary. To estimate the fair value of properties held by unconsolidated entities, we use cash flow models, discount rates, and capitalization rates based upon assumptions of the rates that market participants would use in pricing the asset. To the extent other-than-temporary impairment has occurred, we charge to expense the excess of the carrying value of the equity investment over its estimated fair value. We classify other-than-temporarily impaired equity investments in unconsolidated entities as nonrecurring Level 3.

The table below presents the recorded amount of assets at the time they were marked to fair value during the nine months ended September 30, 2012 on a nonrecurring basis. We did not have any material liabilities that were required to be measured at fair value on a nonrecurring basis during the nine months ended September 30, 2012.

Assets	Total Fair Value	Level 1	Level 2	Level 3	Total Losses
			(In thousands)		
Income producing properties	$ 8,227	$ -	$ -	$ 8,227	$ (2,536)
Investments in unconsolidated entities	1,199			$ 1,199	$ (294)
Total	$ 9,426	$ -	$ -	$ 9,426	$ (2,830)

10. Derivative Financial Instruments

We utilize interest rate swap agreements for risk management purposes to reduce the impact of changes in interest rates on our variable rate debt. On the date we enter into an interest rate swap, the derivative is designated as a hedge against the variability of cash flows that are to be paid in connection with a recognized liability. Subsequent changes in the fair value of a derivative designated as a cash flow hedge that is determined to be highly effective are recorded in other comprehensive income ("OCI") until earnings are affected by the variability of cash flows of the hedged transaction. The differential between fixed and variable rates to be paid or received is accrued, as interest rates change, and recognized currently as interest expense in the consolidated statements of operations. We assess effectiveness of our cash flow hedges both at inception and on an ongoing basis. Our cash flow hedges become ineffective if critical terms of the hedging instrument and the debt do not perfectly match such as notional amounts, settlement dates, reset dates, calculation period and LIBOR rate.

At September 30, 2012, we had four interest rate swap agreements with an aggregate notional amount of $135.0 million that were designated as cash flow hedges. The agreements provided for swapping one-month LIBOR interest rates ranging from 1.2% to 2.0% on our $75.0 million and $60.0 million unsecured term loans and have expirations ranging from April 2016 to October 2018. There were no interest rate swap agreements in effect for the same period in 2011.

The following table summarizes the notional values and fair values of our derivative financial instruments as of September 30, 2012:

Underlying Debt	Hedge Type	Notional Value (in thousands)	Fixed Rate	Fair Value (in thousands)	Expiration Date
Unsecured term loan facility	Cash Flow	$ 75,000	1.2175 %	$ 2,189	04/2016
Unsecured term loan facility	Cash Flow	30,000	2.0480 %	2,065	10/2018
Unsecured term loan facility	Cash Flow	25,000	1.8500 %	1,456	10/2018
Unsecured term loan facility	Cash Flow	5,000	1.8400 %	281	10/2018
		$ 135,000		$ 5,991	

The following table presents the fair values of derivative financial instruments in our condensed consolidated balance sheets as of September 30, 2012 and December 31, 2011, respectively:

	Liability Derivatives			
	September 30, 2012		December 31, 2011	
Derivatives designated as hedging instruments	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
		(In thousands)		(In thousands)

Interest rate contracts	Other liabilities	$	(5,991)