RAMCO GERSHENSON PROPERTIES TRUST
Form 10-Q
August 06, 2010

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 June 30, 2010

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES 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	13-6908486
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
31500 Northwestern Highway Farmington Hills, Michigan	48334
(Address of principal executive offices)	(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 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 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. (Check one):

Large accelerated filer o	Accelerated filer x	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller 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

Number of common shares of beneficial interest ($0.01 par value) of the registrant outstanding as of August 2, 2010: 37,946,541

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PART 1 - FINANCIAL INFORMATION

Item 1. Condensed Financial Statements

RAMCO-GERSHENSON PROPERTIES TRUST
CONSOLIDATED CONDENSED BALANCE SHEETS

	June 30, 2010 (Unaudited)	December 31, 2009
	(In thousands, except per share amounts)	
ASSETS		
Investment in real estate, net	$ 825,840	$ 804,295
Cash and cash equivalents	12,722	8,800
Restricted cash	5,949	3,838
Accounts receivable, net	30,245	31,900
Notes receivable from unconsolidated entities	-	12,566
Equity investments in unconsolidated entities	97,775	97,506
Other assets, net	38,280	39,052
Total Assets	$ 1,010,811	$ 997,957
LIABILITIES		
Mortgages and notes payable	$ 499,877	$ 552,551
Accounts payable and accrued expenses	26,364	26,440
Distributions payable	6,627	5,477
Capital lease obligation	6,784	6,924
Total Liabilities	539,652	591,392
SHAREHOLDERS' EQUITY		
Ramco-Gershenson Properties Trust ("RPT") shareholders' equity:		
Common Shares of beneficial interest, par value $0.01, 45,000 shares authorized; 37,947 and 30,907 issued and outstanding as of June 30, 2010 and December 31, 2009, respectively	379	309
Additional paid-in capital	562,384	486,731
Accumulated other comprehensive loss	(916)	(2,149)
Cumulative distributions in excess of net income	(130,649)	(117,663)
Total RPT Shareholders’ Equity	431,198	367,228
Noncontrolling interest	39,961	39,337
Total Shareholders’ Equity	471,159	406,565

Total Liabilities and Shareholders' Equity	$	1,010,811	$	997,957

See notes to consolidated condensed financial statements.

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RAMCO-GERSHENSON PROPERTIES TRUST
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
	(Unaudited) (In thousands, except per share amounts)			
REVENUES:				
Minimum rents	$ 20,411	$ 21,026	$ 40,923	$ 42,175
Percentage rents	143	27	216	253
Recoveries from tenants	7,522	7,873	15,297	16,898
Other property income	1,161	822	2,380	1,021
Fees and management income	1,134	1,497	2,255	2,626
Total revenues	30,371	31,245	61,071	62,973
EXPENSES:				
Real estate taxes	4,466	4,564	8,961	9,141
Recoverable operating expenses	3,455	3,581	7,410	8,082
Other property operating expenses	1,136	550	2,157	1,529
Depreciation and amortization	7,556	7,823	15,318	15,561
General and administrative	4,615	4,666	8,598	8,646
Total expenses	21,228	21,184	42,444	42,959
Income from continuing operations before other income and expenses	9,143	10,061	18,627	20,014
OTHER INCOME AND EXPENSES:				
Other income (expense)	(303)	178	(633)	331
Gain on sale of real estate	499	53	499	401
Earnings (loss) from unconsolidated entities	(167)	337	700	857
Interest expense	(8,892)	(7,904)	(17,626)	(16,008)
Impairment charge on unconsolidated joint ventures	-	-	(2,653)	-
Restructuring costs and other items	-	(836)	-	(1,216)
Income (loss) from continuing operations	280	1,889	(1,086)	4,379
Discontinued operations:				
Loss on sale of real estate	(2,050)	-	(2,050)	-
Income (loss) from operations	(32)	75	(19)	215
Income (loss) from discontinued operations	(2,082)	75	(2,069)	215
Net income (loss)	(1,802)	1,964	(3,155)	4,594
Less: Net (income) loss attributable to noncontrolling interest	761	(401)	1,431	(781)
Net income (loss) attributable to RPT common shareholders	$ (1,041)	$ 1,563	$ (1,724)	$ 3,813
Basic earnings per RPT common share:				
Income from continuing operations attributable to RPT common shareholders	$ 0.03	$ 0.08	$ 0.01	$ 0.20

Loss from discontinued operations attributable to RPT common shareholders	(0.06)	-	(0.06)	-
Net income (loss) attributable to RPT common shareholders	$ (0.03)	$ 0.08	$ (0.05)	$ 0.20
Diluted earnings per RPT common share:				
Income from continuing operations attributable to RPT common shareholders	$ 0.03	$ 0.08	$ 0.01	$ 0.20
Loss from discontinued operations attributable to RPT common shareholders	(0.06)	-	(0.06)	-
Net income (loss) attributable to RPT common shareholders	$ (0.03)	$ 0.08	$ (0.05)	$ 0.20
Basic weighted average common shares outstanding	34,371	18,699	32,706	18,654
Diluted weighted average common shares outstanding	34,371	18,699	32,706	18,654
AMOUNTS ATTRIBUTABLE TO RPT COMMON SHAREHOLDERS:				
Income from continuing operations	$ 893	$ 1,493	$ 198	$ 3,613
Income (loss) from discontinued operations	(1,934)	70	(1,922)	200
Net income (loss)	$ (1,041)	$ 1,563	$ (1,724)	$ 3,813
COMPREHENSIVE INCOME				
Net income (loss)	$ (1,802)	$ 1,964	$ (3,155)	$ 4,594
Other comprehensive income (loss):				
Gain on interest rate swaps	846	542	1,336	700
Comprehensive income (loss)	(956)	2,506	(1,819)	5,294
Comprehensive (income) loss attributable to noncontrolling interest	700	(475)	1,328	(876)
Comprehensive income (loss) attributable to RPT	$ (256)	$ 2,031	$ (491)	$ 4,418

See notes to consolidated condensed financial statements.

RAMCO-GERSHENSON PROPERTIES TRUST
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

	For the Six Months Ended June 30,	
	2010	2009
	(Unaudited) (In thousands)	
Cash Flows from Operating Activities:		
Net income (loss)	$ (3,155)	$ 4,594
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	15,318	15,561
Amortization of deferred financing fees	1,175	345
Gain on sale of real estate	(499)	(401)
Impairment charge on unconsolidated joint ventures	2,653	-
Earnings from unconsolidated entities	(700)	(857)
Discontinued operations	19	(215)
Distributions received from unconsolidated entities	1,396	2,358
Share-based compensation expense	375	851
Changes in operating assets and liabilities that (used) provided cash:		
Accounts receivable	2,431	(609)
Other assets	1,221	498
Accounts payable and accrued expenses	(656)	4,223
Net Cash Provided by Continuing Operating Activities	19,578	26,348
Operating Cash from Discontinued Operations	18	323
Loss on sale of Discontinued Operations	2,050	-
Net Cash Provided by Operating Activities	21,646	26,671
Cash Flows from Investing Activities:		
Real estate developed or acquired, net of liabilities assumed	(14,854)	(11,155)
Investment in and notes receivable from unconsolidated entities	(4,797)	(3,110)
Proceeds from sale of real estate	1,041	1,207
Increase in restricted cash	(2,111)	(311)
Net Cash Used in Continuing Investing Activities	(20,721)	(13,369)
Investing Cash provided by Discontinued Operations	797	-
Net Cash Used in Investing Activities	(19,924)	(13,369)
Cash Flows from Financing Activities:		
Cash distributions to common shareholders	(10,109)	(8,640)
Cash distributions to operating partnership unit holders	(950)	(1,350)
Payment of deferred financing fees	(1,077)	(180)

Distributions to noncontrolling partners		-		(54)
Repayment of mortgages and notes payable		(120,879)		(10,624)
Proceeds from mortgages and notes payable		59,700		10,200
Repayment of capital lease obligation		(140)		(131)
Net proceeds from issuance of common shares		75,611		-
Net Cash Provided by (Used in) Financing Activities		2,156		(10,779)
Net Increase in Cash and Cash Equivalents		3,878		2,523
Cash from Consolidated Variable Interest Entity		44		-
Cash and Cash Equivalents at Beginning of Period		8,800		5,295
Cash and Cash Equivalents at End of Period	$	12,722	$	7,818
Supplemental Cash Flow Disclosure, including Non-Cash Activities:				
Cash paid for interest (net of capitalized interest of $864 and $815 in 2010 and 2009, respectively)	$	14,967	$	13,621
Cash paid for federal income taxes		3		341
Increase in fair value of interest rate swaps		1,336		700
Reclassification of note receivable from joint venture		-		7,680

See notes to consolidated condensed financial statements.

RAMCO-GERSHENSON PROPERTIES TRUST
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Dollars in thousands)

1. Organization and Basis of Presentation

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, acquiring, managing and leasing community shopping centers, regional malls and single tenant retail properties. At June 30, 2010, the Company owned and managed a portfolio of 87 shopping centers, with approximately 19.8 million square feet of gross leaseable area ("GLA"), of which 15.3 million is owned by the Company or its joint ventures. The shopping centers are located in the Midwestern, Southeastern and Mid-Atlantic regions of the United States and are typically anchored by discount department stores, supermarkets or other national and regional retail chains. The Company's credit risk, therefore, is concentrated in the retail industry.

The economic performance and value of the Company's real estate assets are subject to all the risks associated with owning and operating real estate, including risks related to adverse changes in national, regional and local economic and market conditions. The economic condition of each of the Company's markets may be dependent on one or more industries. An economic downturn in one of these industries may result in a business downturn for the Company's tenants, and as a result, these tenants may fail to make rental payments, decline to extend leases upon expiration, delay lease commencements or declare bankruptcy.

Basis of Presentation

The accompanying consolidated condensed financial statements include the accounts of the Company, its majority owned subsidiary, the Operating Partnership, Ramco-Gershenson Properties, L.P. (92.9% and 91.4% owned by the Company at June 30, 2010 and December 31, 2009, respectively), all wholly-owned subsidiaries, and all entities in which the Company has a controlling financial interest, including where the Company has been determined to be a primary beneficiary of a variable interest entity ("VIE") or meets certain criteria of a sole general partner or managing member in accordance with the consolidation guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). Ramco-Gershenson, Inc. has elected to be a taxable REIT subsidiary 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 the Company's 2009 Annual Report on Form 10–K.

Reclassifications

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

Recent Accounting Pronouncements

In June 2009, the FASB issued Statement of Financial Accounting Standards No. 167 ("SFAS 167"), "Amendments to FASB Interpretation No. 46(R)", which was codified in ASU 2009-17. This standard amends guidance surrounding a company's analysis to determine whether any of its variable interests constitute controlling financial interests in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has both of the following characteristics; a) the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance, and b) the obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity. Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity's economic performance. The new guidance also requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity. The guidance was effective for the first annual reporting period beginning after November 15, 2009.

The Company consolidated the Ramco RM Hartland SC LLC joint venture prospectively, effective January 1, 2010. The consolidation of the variable interest entity did not have a material impact on the Company's financial position, results of operations, or cash flows. Refer to Note 5 of the notes to the consolidated condensed financial statements for more information on the consolidation of the variable interest entity.

In January 2010, the FASB updated ASC 820 "Fair Value Measurements and Disclosures" with ASU 2010-06. The Update provides amendments and clarification to existing disclosure requirements in ASC 820 as follows:

a) A reporting entity should disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers.
b) A reporting entity should present gross information rather than net in its Level 3 fair value measurement reconciliation.
c) A reporting entity should provide fair value measurement disclosures for each class of asset or liability. A class is often a subset of assets and liabilities within a line item in the statement of financial position. Judgment is required in determining the appropriate classes of assets and liabilities.
d) A reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring Level 2 or Level 3 fair value measurements.

The new disclosure requirements and clarifications are effective for interim and annual reporting periods beginning after December 15, 2009, except for the requirements in item b) above. Those disclosures are effective for fiscal years beginning after December 15, 2010. The Company adopted the provisions of this Update in the first quarter of 2010. The new and clarified disclosures did not have a material impact on the Company's financial position, results of operations, or cash flows. Refer to Note 8 of the notes to the consolidated condensed financial statements for more information on fair value measurements.

2. Accounts Receivable, Net

Accounts receivable includes $17,946 and $17,144 of unbilled straight-line rent receivables, net of an allowance for doubtful accounts of $315 and $360 at June 30, 2010 and December 31, 2009, respectively.

The Company provides for bad debt expense based upon the allowance method of accounting. The Company monitors the collectability of its accounts receivable (billed and unbilled, including straight-line) from specific tenants, and analyzes historical bad debts, customer credit worthiness, current economic trends and changes in tenant payment terms when evaluating the adequacy of the allowance for doubtful accounts. When tenants are in bankruptcy, the Company makes estimates of the expected recovery of pre-petition and post-petition claims. The ultimate resolution of these claims can be delayed for one year or longer. Accounts receivable in the accompanying balance sheets includes amounts billed to tenants and accrued expense recoveries due from tenants and is shown net of an allowance for doubtful accounts of $4,030 and $3,288 (including the amounts related to the allowance for straight-line rent receivables discussed above) at June 30, 2010 and December 31, 2009, respectively.

Other accounts receivable at June 30, 2010 and December 31, 2009 includes $1,294 and $1,296, respectively, due from Atlantic Realty Trust ("Atlantic") for reimbursement of tax deficiencies, interest and other miscellaneous expenses related to the Internal Revenue Service's ("IRS") examination of the Company's taxable years ended December 31, 1991 through 1995. Under terms of the tax agreement the Company entered into with Atlantic (the "Tax Agreement"), Atlantic assumed all of the Company's liability for tax and interest arising out of that IRS examination. Effective June 30, 2006, Atlantic was merged into (acquired by) Kimco SI 1339, Inc. (formerly known as SI 1339, Inc.), a wholly owned subsidiary of Kimco Realty Corporation ("Kimco"), with Kimco SI 1339, Inc. continuing as the surviving corporation. By way of the merger, Kimco SI 1339, Inc. acquired Atlantic's assets, subject to its liabilities, including its obligations to the Company under the Tax Agreement.

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3. Investment in Real Estate, Net

Investment in real estate consisted of the following:

	June 30, 2010 (Unaudited)	December 31, 2009
Land	$ 102,641	$ 99,147
Buildings and improvements	819,849	818,142
Land held for development	98,541	69,936
Construction in progress	7,959	8,225
	1,028,990	995,450
Less: accumulated depreciation and amortization	(203,150)	(191,155)
Investment in real estate, net	$ 825,840	$ 804,295

Land held for development represents projects where vertical construction has yet to commence, but which have been identified by the Company and are available for future development if and when market conditions dictate the demand for a new shopping center. The increase in land held for development from December 31, 2009 to June 30, 2010 was primarily attributable to the consolidation of the Ramco RM Hartland SC LLC variable interest entity. Refer to Note 5 of the notes to the consolidated condensed financial statements for information on the consolidation of the Ramco RM Hartland SC LLC joint venture.

Construction in progress represents existing development and redevelopment projects. When projects are substantially complete and ready for its intended use, balances are transferred to land or buildings and improvements as appropriate.

4. Equity Investments in and Notes Receivable from Unconsolidated Entities

The combined condensed financial information for the Company's unconsolidated entities is summarized as follows:

Balance Sheets

	June 30, 2010 (Unaudited)	December 31, 2009
ASSETS		
Investment in real estate, net	$ 972,449	$ 1,010,216
Other assets	44,938	42,858
Total Assets	$ 1,017,387	$ 1,053,074
LIABILITIES AND OWNERS' EQUITY		
Mortgage notes payable	$ 499,792	$ 537,732
Other liabilities	20,658	25,657
Owners' equity	496,937	489,685
Total Liabilities and Owners' Equity	$ 1,017,387	$ 1,053,074
Company's equity investments in unconsolidated entities	$ 97,775	$ 97,506
Company's notes receivable from unconsolidated entities	$ -	$ 12,566

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Statements of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(Unaudited)		(Unaudited)	
TOTAL REVENUES	$ 23,753	$ 24,802	$ 50,167	$ 50,287
TOTAL EXPENSES	24,156	23,374	47,410	46,733
Net income (loss)	$ (403)	$ 1,428	$ 2,757	$ 3,554
Company's share of earnings (loss) from unconsolidated entities	$ (167)	$ 337	$ 700	$ 857

As of June 30, 2010, the Company had investments in the following unconsolidated entities:

Entity Name	Ownership as of June 30, 2010	Total Assets as of June 30, 2010 (Unaudited)	Total Assets as of December 31, 2009
S-12 Associates	50%	$ 658	$ 644
Ramco/West Acres LLC	40%	9,567	9,610
Ramco/Shenandoah LLC	40%	15,235	15,164
Ramco/Lion Venture LP	30%	530,639	534,348
Ramco 450 Venture LLC	20%	358,966	364,347
Ramco 191 LLC	20%	24,374	23,975
Ramco RM Hartland SC LLC	20%	-	25,630
Ramco HHF KL LLC	7%	51,198	50,991
Ramco HHF NP LLC	7%	26,750	27,086
Ramco Jacksonville North Industrial LLC	5%	-	1,279
		$ 1,017,387	$ 1,053,074

In the second quarter 2010, the Company purchased its partner’s 95% interest in the Ramco Jacksonville North Industrial LLC joint venture.

Effective January 1, 2010, the Company prospectively consolidated the Ramco RM Hartland SC LLC joint venture that is developing Hartland Towne Square, in Hartland, Michigan. For additional information on the consolidation of the Ramco RM Hartland SC LLC joint venture refer to Note 5 of the notes to the consolidated condensed financial statements.

In the first quarter 2010, the Company recorded a non-cash impairment charge of $2,653 resulting from other-than-temporary declines in the fair market value of various equity investments in unconsolidated joint ventures.

Debt

The Company's unconsolidated entities had the following debt outstanding at June 30, 2010 (unaudited):

Entity Name		Balance Outstanding	Interest Rate	Maturity Date	
S-12 Associates	$	760	5.9%	May 2016	(1)
Ramco/West Acres LLC		8,500	10.1%	April 2030	(2)
Ramco/Shenandoah LLC		11,775	7.3%	February 2012	
Ramco/Lion Venture LP		253,607	5.0% - 8.3%	Various	(3)
Ramco 450 Venture LLC		216,400	5.3% - 6.5%	Various	(4)
Ramco 191 LLC		8,750	1.8%	June 2012	
	$	499,792			

(1) Interest rate resets annually per formula.
(2) Interest rate reset to 10.1% on April 1, 2010.
(3) Interest rates range from 5.0% to 8.3% with maturities ranging from October 2010 to June 2020.
(4) Interest rates range from 5.3% to 6.5% with maturities ranging from February 2011 to January 2018.

In June 2010, RLV Cypress Point LP, an entity in the Ramco/Lion Venture LP joint venture in which the Company has a 30% ownership interest, paid off its $14,500 non-recourse loan. The Company's share of the debt was $4,350.

At June 30, 2010, Merchants 450 LLC, an entity in the Ramco 450 Venture LLC joint venture in which the Company has a 20% ownership interest, was in default on its $32,700 non-recourse loan. The joint venture has been in discussions with the lender to restructure the loan. Based upon the 20% interest in the entity, the Company's share of the debt was $6,540 at June 30, 2010.

Joint Venture Management and Other Fee Income

Under the terms of agreements with certain joint ventures, the Company is the manager of the joint ventures and earns fees for acquisitions, development, management, leasing, and financing. The fees earned by the Company, which are reported in the consolidated statements of operations as fees and management income, are summarized as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
		2010		2009		2010		2009
	(Unaudited)				(Unaudited)			
Management fees	$	701	$	712	$	1,424	$	1,441
Leasing fees		243		306		420		416
Development fees		61		150		161		271
Financing fees		-		58		-		68
Total	$	1,005	$	1,226	$	2,005	$	2,196

5. Consolidated Variable Interest Entity

The Ramco RM Hartland SC LLC joint venture was formed primarily to acquire certain land parcels and for a retail shopping center development called Hartland Towne Square, in Hartland Township, Michigan. The entity was established with approximately $3,100 of equity, of which 80% was contributed by an independent joint venture partner. The Company contributed the remaining 20%. In addition, at June 30, 2010, the Company had advanced a mezzanine loan of $18,932. The Company is also the manager of the entity and is responsible for the development, leasing and management of the project.

The Company re-evaluated its interests in entities for the period beginning January 1, 2010 to determine if the interests are variable and that the entities are reflected properly in the financial statements as investments or consolidated entities. As a result of the qualitative and quantitative analysis performed, the Company determined that the Ramco RM Hartland SC LLC joint venture is a variable interest entity and that the Company has a controlling financial interest in the variable interest entity.

During the first quarter 2010, a loan to the joint venture from a third party lender was reduced by $3,900 to $4,605. As a result of the reduction in third-party financing and additional costs incurred in development, the Company increased the mezzanine loan balance to the joint venture significantly to $18,100 and became responsible for providing the substantial majority of the entity's capital. The combination of the reduction of the third party loan, the need for the Company to advance additional funds to the joint venture, and the inability of the entity to obtain additional independent construction or mezzanine financing, shifted the responsibility of financial control to the Company. The Company concluded that the joint venture entity met the criteria of a variable interest entity under the current accounting definition.

The Company also determined that it had the obligation to absorb losses that could potentially be significant through its equity interest and its mezzanine loan to the joint venture entity and the power to direct the significant activities of the entity, and was therefore the primary beneficiary of the variable interest entity. As the primary beneficiary, the Company was required to consolidate the joint venture entity in its consolidated financial statements. The Company consolidated the Ramco RM Hartland SC LLC joint venture prospectively, effective January 1, 2010.

Included in consolidated balances after appropriate eliminations were amounts related to the Ramco RM Hartland SC LLC joint venture VIE at June 30, 2010 as follows:

		June 30, 2010 (Unaudited)
Assets		
Investment in real estate, net	$	25,761
Other assets		142
Total Assets	$	25,903
Liabilities and Members' Equity		
Mortgage notes payable	$	4,605
Other liabilities		312
Noncontrolling interest		1,658
Total Liabilities and Members' Equity	$	6,575

The mortgage note payable of $4,605 at June 30, 2010, is non-recourse, subject to certain exceptions. Therefore, the lender would not have recourse to the general credit of the Company if any loan losses were to be incurred.

Investment in real estate of $25,761 related to the consolidated VIE comprises approximately 2.5% of the Company's consolidated total assets at June 30, 2010. Mortgages and notes payable of $4,605 and noncontrolling interest of $1,658 related to the consolidated VIE comprise less than 1.0% of the Company's consolidated total debt and total equity, respectively at June 30, 2010.

6. Other Assets, Net

Other assets consisted of the following:

	June 30, 2010 (Unaudited)	December 31, 2009
Deferred leasing costs	$ 42,237	$ 40,922
Deferred financing costs	11,528	10,525
Intangible assets	5,433	5,836
Other	6,265	6,162
	65,463	63,445
Less: accumulated amortization	(40,953)	(37,766)
	24,510	25,679
Prepaid expenses and other	13,770	13,373
Other assets, net	$ 38,280	$ 39,052

Intangible assets at June 30, 2010 included $4,095 of lease origination costs and $1,228 of above market leases. These assets are being amortized over the lives of the applicable leases as reductions to minimum rent revenue, as appropriate, over the initial terms of the respective leases.

At June 30, 2010 and 2009, $1,152 and $1,750, respectively, of intangible assets, net of accumulated amortization of $4,171 and $4,004, respectively, were included in other assets in the consolidated condensed balance sheets. Included in net intangible assets at June 30, 2010 and 2009, were approximately $885 and $1,361, respectively, of lease origination costs and $267 and $389, respectively, of above market leases. Included in accounts payable and accrued expenses at June 30, 2010 and 2009 were intangible liabilities related to below market leases of $296 and $623, respectively. The lease-related intangible assets and liabilities are being amortized or accreted over the terms of the acquired leases, which resulted in additional expense of approximately $61 and $61, respectively, and an increase in revenue of $256 and $83, respectively, for the six months ended June 30, 2010 and 2009.

The average amortization period for intangible assets attributable to lease origination costs and for above market leases is 5.3 years and 4.5 years, respectively.

Deferred financing costs, net of accumulated amortization were $7,870 at June 30, 2010, compared to $8,056 at December 31, 2009. The Company recorded amortization of deferred financing costs of $1,175 and $345, respectively, during the six months ended June 30, 2010 and 2009. This amortization has been recorded as interest expense in the Company’s consolidated condensed statements of operations.

The following table represents estimated future amortization expense related to other assets as of June 30, 2010 (unaudited):

Year Ending December 31,

2010 (July 1 - December 31)	$ 3,694
2011	6,571
2012	5,626
2013	2,785
2014	1,909

Thereafter		3,925
Total	$	24,510

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7. Mortgages and Notes Payable

Mortgages and notes payable consisted of the following:

	June 30, 2010 (Unaudited)	December 31, 2009
Fixed rate mortgages with interest rates ranging from 4.8% to 7.6%, due at various dates from November 2010 through April 2020	$ 359,045	$ 330,963
Floating rate mortgages with interest rates ranging from 5.3% to 6.0%, due at various dates from June 2011 through December 2011	22,707	14,427
Revolving Credit Facility, securing The Town Center at Aquia, with an interest rate at LIBOR plus 350 basis points with a 2.0% LIBOR floor, due December 2010. The effective rate at June 30, 2010 and December 31, 2009 was 5.5%	-	20,000
Secured Term Loan Facility, with an interest rate at LIBOR plus 350 basis points with a 2.0% LIBOR floor, due June 2011, maximum borrowings $67,000. The effective rate at June 30, 2010 and December 31, 2009 was 6.6% and 6.5%, respectively	30,000	67,000
Secured Revolving Credit Facility, with an interest rate at LIBOR plus 350 basis points with a 2.0% LIBOR floor, due December 2012, maximum borrowings $150,000. The effective rate at June 30, 2010 and December 31, 2009 was 6.6% and 5.5%, respectively	60,000	92,036
Junior subordinated notes, unsecured, due January 2038, with an interest rate fixed until January 2013 when the notes are redeemable or the interest rate becomes LIBOR plus 330 basis points. The effective rate at June 30, 2010 and December 31, 2009 was 7.9%	28,125	28,125
	$ 499,877	$ 552,551

The mortgage notes, both fixed rate and floating rate, are secured by mortgages on properties that have an approximate net book value of $473,475 as of June 30, 2010.

The Company has a $180,000 secured credit facility, (the “Credit Facility”) consisting of a $150,000 secured revolving credit facility and a $30,000 secured term loan facility. The Credit Facility provides that the secured revolving credit facility may be increased by up to $50,000 at the Company’s request, dependent upon there being one or more lenders willing to fund the additional commitments, for a total secured credit facility commitment of $230,000. The secured revolving credit facility matures in December 2012 and bears interest at LIBOR plus 350 basis points with a 2% LIBOR floor. The secured term loan facility matures in June 2011 and bears interest at LIBOR plus 350 basis points with a 2% LIBOR floor. The Credit Facility is secured by mortgages on various properties that have an approximate net book value of $277,558 as of June 30, 2010.

The revolving credit facility secured by The Town Center at Aquia bears interest at LIBOR plus 350 basis points with a 2% LIBOR floor and matures in December 2010. The balance of this facility was zero at June 30, 2010. However, the Company retains availability under the facility but at a reduced commitment of $4,050 dependent upon lender approval.

In May 2010, the Company completed an equity offering of 6.9 million common shares, which included 0.9 million shares purchased pursuant to an over-allotment option granted to the underwriters. The offering generated net proceeds of approximately $75,600. The net proceeds from the offering were used to reduce the outstanding balance of its secured term loan facility by $37,000, to pay off two fixed rate mortgages of $15,800 in aggregate and to reduce outstanding borrowings under the secured revolving credit facility.

Also in May 2010, the Company closed on a $14,700 loan secured by the newly-constructed office building occupied by Northrop Grumman at The Town Center at Aquia. The loan bears interest at a fixed rate of 5.8% and matures in June 2015. Net proceeds from the loan were used primarily to pay down Company's revolving lines of credit.

It is anticipated that funds borrowed under the aforementioned credit facilities will be used for general corporate purposes, including working capital, capital expenditures, the repayment of indebtedness or other corporate activities.

At June 30, 2010, outstanding letters of credit issued under the Credit Facility, not reflected in the accompanying consolidated condensed balance sheets, were $1,563. These letters of credit reduce the availability under the Credit Facility.

The Credit Facility contains financial covenants relating to total leverage, fixed charge coverage ratio, tangible net worth and various other calculations. As of June 30, 2010, the Company was in compliance with the covenant terms.

The mortgage loans encumbering the Company's properties, including properties held by its unconsolidated joint ventures, are generally non-recourse, subject to certain exceptions for which the Company 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, the Company would be liable for the entire outstanding balance of the loan, all interest accrued thereon and certain other costs, including penalties and expenses. At June 30, 2010, the mortgage debt of $11,000 at Peachtree Hill, a shopping center owned by Ramco 450 Venture LLC, a joint venture in which the Company has 20% ownership interest, is recourse debt. The loan is secured by unconditional guarantees of payment and performance by Ramco 450 Venture LLC, the Company, and the Operating Partnership.

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.

Under terms of various debt agreements, the Company may be required to maintain interest rate swap agreements to reduce the impact of changes in interest rates on its floating rate debt. The Company had interest rate swap agreements with an aggregate notional amount of $90,000 at June 30, 2010. Based on rates in effect at June 30, 2010, the agreements provide for fixed rates ranging from 6.4% to 6.7% and expire December 2010.

The following table presents scheduled principal payments on mortgages and notes payable as of June 30, 2010 (unaudited):

Year Ending December 31,

2010 (July 1 - December 31)	$	7,192
2011		83,318
2012		94,854
2013		34,435
2014		33,086
Thereafter		246,992
Total	$	499,877

With respect to the various fixed rate mortgages due in 2010 and 2011, the Company is pursuing several options to repay or refinance these mortgages and notes payable, including, but not limited to using availability under the Company's secured revolving credit facility or using proceeds from the financings of unencumbered assets. However, there can be no assurance that the Company will be able to refinance its debt on commercially reasonable or any other terms.

8. Fair Value

The Company utilizes 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, the Company, from time to time, may be required to record certain assets, such as impaired real estate assets, at fair value on a nonrecurring basis.

Fair Value Hierarchy

As required by accounting guidance for fair value measurements, the Company groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

These levels are:

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

Level 2 Valuation is based upon quoted 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 asset or liability.

The following is a description of valuation methodologies used for the Company's assets and liabilities recorded at fair value.

Derivative Assets and Liabilities

All derivative instruments held by the Company are interest rate swaps for which quoted market prices are not readily available. For those derivatives, the Company measures fair value on a recurring basis using valuation models that use primarily market observable inputs, such as yield curves. The Company classifies derivative instruments as recurring Level 2. Refer to Note 9 of the notes to the consolidated condensed financial statements for additional information on the Company's derivative financial instruments.

Investments in Real Estate

The Company's investments in real estate, including any identifiable intangible assets, are subject to impairment testing on a nonrecurring basis. To estimate fair value, the company uses 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, the Company charges to expense the excess of the carrying value of the property over its estimated fair value. The Company classifies impaired real estate assets as nonrecurring Level 3.

Equity Investments in Unconsolidated Entities

The Company's equity investments in unconsolidated joint venture entities 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, the company uses 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, the Company charges to expense the excess of the carrying value of the equity investment over its estimated fair value. The Company classifies other-than-temporarily impaired equity investments in unconsolidated entities as nonrecurring Level 3.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The table below presents the recorded amount of liabilities measured at fair value on a recurring basis as of June 30, 2010 (in thousands). The Company did not have any material assets that were required to be measured at fair value on a recurring basis at June 30, 2010.

	Total Fair Value	Level 1	Level 2	Level 3
Liabilities				
Derivative liabilities (1)	($1,181)	$-	($1,181)	$-

(1) Interest rate swaps.

Assets and Liabilities Recorded at Fair Value on a Nonrecurring Basis

The table below presents the recorded amount of assets measured at fair value on a nonrecurring basis as of June 30, 2010 (in thousands). The Company did not have any material liabilities that were required to be measured at fair value on a nonrecurring basis at June 30, 2010.

	Total Fair Value	Level 1	Level 2	Level 3
Assets				
Equity investments in unconsolidated entities (2)	$78,789	$-	$-	$78,789

(2) Other-than-temporarily impaired equity investments in unconsolidated entities.

9. Derivative Financial Instruments

As of June 30, 2010, the Company had interest rate swap agreements with an aggregate notional amount of $90,000. Under the terms of certain debt agreements, the Company is required to maintain interest rate swap agreements in an amount necessary to ensure that the Company's variable rate debt does not exceed 25% of its assets, as computed under the agreements, to reduce the impact of changes in interest rates on its variable rate debt. Based on rates in effect at June 30, 2010, the agreements provide for fixed rates ranging from 6.4% to 6.7% on a portion of the Company's secured credit facility and expire December 2010.

On the date the Company enters into an interest rate swap agreement for risk management purposes, 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 condensed statements of operations. Refer to Note 8 of the notes to the consolidated condensed financial statements for additional information on the fair value measurement of the Company's derivative financial instruments.

The following table summarizes the notional values and fair values of the Company's derivative financial instruments as of June 30, 2010:

Underlying Debt	Hedge Type	Notional Value	Fixed Rate	Fair Value	Expiration Date
Credit Facility	Cash Flow	$ 20,000	6.4%	$ (248)	12/2010
Credit Facility	Cash Flow	10,000	6.6%	(130)	12/2010
Credit Facility	Cash Flow	10,000	6.6%	(130)	12/2010
Credit Facility	Cash Flow	10,000	6.6%	(123)	12/2010
Credit Facility	Cash Flow	20,000	6.7%	(275)	12/2010
Credit Facility	Cash Flow	20,000	6.7%	(275)	12/2010
		$ 90,000		$ (1,181)	

The following table presents the fair values of derivative financial instruments in the Company's consolidated condensed balance sheets as of June 30, 2010 and December 31, 2009, respectively:

	Liability Derivatives			
	June 30, 2010		December 31, 2009	
		(Unaudited)		
Derivatives Designated as Hedging Instruments	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate contracts	Accounts payable and accrued expenses	$ (1,181)	Accounts payable and accrued expenses	$ (2,517)
Total		$ (1,181)		$ (2,517)

The effect of derivative financial instruments on the Company's consolidated condensed statements of operations for the six months ended June 30, 2010 and 2009 is summarized as follows:

Derivatives in Cash Flow Hedging Relationship	Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion) Six Months Ended June 30, 2010	2009	Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) Six Months Ended June 30, 2010	2009
Interest rate contracts	$ 1,336	$ 700	Interest Expense	$ (1,541)	$ (1,390)
Total	$ 1,336	$ 700		$ (1,541)	$ (1,390)

10. Earnings Per Common Share

The following table sets forth the computation of basic and diluted earnings per common share ("EPS") (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(Unaudited)		(Unaudited)	
Numerator:				
Income (loss) from continuing operations before noncontrolling interest	$ 280	$ 1,889	$ (1,086)	$ 4,379
Noncontrolling interest from continuing operations	613	(396)	1,284	(766)
Income from continuing operations available to RPT common shareholders	893	1,493	198	3,613
Discontinued operations, net of noncontrolling interest:				
Loss on sale of real estate	(1,905)	-	(1,905)	-
Income (loss) from operations	(29)	70	(17)	200
Net income (loss) available to RPT common shareholders	$ (1,041)	$ 1,563	$ (1,724)	$ 3,813
Denominator:				
Weighted-average common shares for basic EPS	34,371	18,699	32,706	18,654
Dilutive effect of securities:				
Options outstanding	-	-	-	-
Weighted-average common shares for diluted EPS	34,371	18,699	32,706	18,654
Basic EPS:				
Income from continuing operations attributable to RPT common shareholders	$ 0.03	$ 0.08	$ 0.01	$ 0.20
Loss from discontinued operations attributable to RPT common shareholders	(0.06)	-	(0.06)	-
Net income (loss) attributable to RPT common shareholders	$ (0.03)	$ 0.08	$ (0.05)	$ 0.20
Diluted EPS:				
Income from continuing operations attributable to RPT common shareholders	$ 0.03	$ 0.08	$ 0.01	$ 0.20
Loss from discontinued operations attributable to RPT common shareholders	(0.06)	-	(0.06)	-
Net income (loss) attributable to RPT common shareholders	$ (0.03)	$ 0.08	$ (0.05)	$ 0.20

11. Shareholders' Equity

In May 2010, the Company completed an equity offering of 6.9 million common shares, which included 0.9 million shares purchased pursuant to an over-allotment option granted to the underwriters. The offering price was $11.50 per common share (par value $0.01 per share) generating net proceeds of approximately $75,600. The net proceeds from the offering were used to reduce the outstanding balance of its secured term loan facility by $37,000, to pay off two mortgages of $15,800 in aggregate and to reduce outstanding borrowings under its secured revolving credit facility.

The following table presents a reconciliation of beginning and ending shareholders' equity, including amounts attributable to noncontrolling interests for the second quarter 2010:

	Common Shares Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Cumulative Distributions in Excess of Net Income	Noncontrolling Interest in Subsidiaries	Total Shareholders' Equity
Balance, December 31, 2009	309	486,731	(2,149)	(117,663)	39,337	406,565
Cash distributions declared	-	-	-	(11,180)	(948)	(12,128)
Restricted stock dividends	-	-	-	(82)	-	(82)
Share-based compensation expense	-	112	-	-		112
Issuance of common shares	70	75,541	-	-		75,611
Consolidation of variable interest entity	-	-	-	-	2,900	2,900
Net loss	-	-	-	(1,724)	(1,431)	(3,155)
Gain on interest rate swaps	-	-	1,233	-	103	1,336
Balance, June 30, 2010	$379	$562,384	$ (916)	$ (130,649)	$ 39,961	$ 471,159