RAMCO GERSHENSON PROPERTIES TRUST
Form 10-Q
November 05, 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 September 30, 2010

OR

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 [ ]

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 [ ] No [ ]

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 [ ]	Accelerated filer [X]	Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [ ]

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

Yes [ ] No [X]

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

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PART 1 - FINANCIAL INFORMATION

Item 1. Condensed Financial Statements

RAMCO-GERSHENSON PROPERTIES TRUST
Condensed Consolidated Balance Sheets
September 30, 2010 (Unaudited) and December 31, 2009
(In thousands)

	September 30, 2010	December 31, 2009
ASSETS		
Income producing properties, at cost:		
Land	$105,013	$99,147
Buildings and improvements	817,165	818,142
Less accumulated depreciation and amortization	(204,279)	(191,155)
Income producing properties, net	717,899	726,134
Construction in progress and land held for development or sale (including $25,832 and $0 of consolidated variable interest entities, respectively)	90,709	78,161
Net real estate	$808,608	$804,295
Equity investments in unconsolidated joint ventures	103,822	97,506
Cash and cash equivalents	5,525	8,800
Restricted cash	7,969	3,838
Accounts receivable, net	30,419	31,900
Notes receivable from unconsolidated joint ventures	16,824	12,566
Other assets, net	37,654	39,052
TOTAL ASSETS	$1,010,821	$997,957
LIABILITIES AND SHAREHOLDERS' EQUITY		
Mortgages and notes payable (including $4,605 and $0 of consolidated variable interest entities, respectively)	$538,177	$552,551
Capital lease obligation	6,713	6,924
Accounts payable and accrued expenses	23,135	26,440
Distributions payable	6,627	5,477
TOTAL LIABILITIES	$574,652	$591,392
Ramco-Gershenson Properties Trust shareholders' equity:		
Common shares of beneficial interest, $0.01 par, 45,000 shares authorized, 37,947 and 30,907 shares issued and outstanding as of September 30, 2010 and December 31, 2009, respectively	379	309
Additional paid-in capital	562,934	486,731

Accumulated distributions in excess of net income	(163,587)	(117,663)
Accumulated other comprehensive loss	(380)	(2,149)
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO RPT	399,346	367,228
Noncontrolling interest	36,823	39,337
TOTAL SHAREHOLDERS' EQUITY	436,169	406,565
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,010,821	$997,957

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
For the three and nine months ended September 30, 2010 and 2009
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
REVENUE				
Minimum rent	$20,178	$20,157	$60,812	$62,568
Percentage rent	137	397	353	650
Recovery income from tenants	6,873	7,628	22,171	24,704
Other property income	324	(65)	2,704	956
Management and other fee income	904	1,410	3,159	4,036
TOTAL REVENUE	28,416	29,527	89,199	92,914
EXPENSES				
Real estate taxes	3,816	4,452	12,777	13,773
Recoverable operating expense	3,527	3,351	10,937	11,438
Other non-recoverable operating expense	940	428	2,809	1,960
Depreciation and amortization	7,546	7,602	22,864	23,219
General and administrative	4,552	3,395	13,150	12,041
TOTAL EXPENSES	20,381	19,228	62,537	62,431
INCOME BEFORE OTHER INCOME, EXPENSES AND DISCONTINUED OPERATIONS	8,035	10,299	26,662	30,483
OTHER INCOME AND EXPENSES				
Other income (expense)	(388)	227	(1,021)	558
Gain on sale of real estate	1,633	4,610	2,132	5,011
Earnings (loss) from unconsolidated joint ventures	(1,362)	492	(662)	1,349
Interest expense	(8,581)	(7,757)	(26,207)	(23,765)
Provision for impairment	(28,787)	-	(28,787)	-
Impairment charge on unconsolidated joint ventures	-	-	(2,653)	-
Restructuring costs and other items	-	(335)	-	(1,551)
INCOME (LOSS) FROM CONTINUING OPERATIONS	(29,450)	7,536	(30,536)	12,085
DISCONTINUED OPERATIONS				
Gain (loss) on sale of real estate	-	2,886	(2,050)	2,886
Income (loss) from operations	8	229	(11)	274
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	8	3,115	(2,061)	3,160
NET INCOME (LOSS)	(29,442)	10,651	(32,597)	15,245
Net (income) loss attributable to noncontrolling interest	2,701	(1,327)	4,131	(2,108)

NET INCOME (LOSS) ATTRIBUTABLE TO RAMCO-GERSHENSON PROPERTIES TRUST COMMON SHAREHOLDERS	$(26,741)	$9,324	$(28,466)	$13,137
EARNINGS PER COMMON SHARE, BASIC				
Continuing operations	$(0.70)	$0.32	$(0.77)	$0.54
Discontinued operations	-	0.13	(0.06)	0.14
	$(0.70)	$0.45	$(0.83)	$0.68
EARNINGS PER COMMON SHARE, DILUTED				
Continuing operations	$(0.70)	$0.32	$(0.77)	$0.54
Discontinued operations	-	0.13	(0.06)	0.14
	$(0.70)	$0.45	$(0.83)	$0.68
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	38,020	20,548	34,497	19,292
Diluted	38,020	20,548	34,497	19,292
OTHER COMPREHENSIVE INCOME				
Net income (loss)	$(29,442)	$10,651	$(32,597)	$15,245
Other comprehensive income (loss):				
Gain on interest rate swaps	577	136	1,913	836
Comprehensive income (loss)	(28,865)	10,787	(30,684)	16,081
Comprehensive (income) loss attributable to noncontrolling interest	2,659	(1,344)	3,987	(2,220)
Comprehensive income (loss) attributable to Ramco-Gershenson Properties Trust	$(26,206)	$9,443	$(26,697)	$13,861

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

RAMCO-GERSHENSON PROPERTIES TRUST
Condensed Consolidated Statement of Shareholders' Equity
For the nine months ended September 30, 2010
(In thousands, except share data)
(Unaudited)

Shareholders' Equity of Ramco-Gershenson Properties Trust

	Common Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Distributions in Excess of Net Income	Noncontrolling Interest	Total Shareholders' Equity
BALANCE, DECEMBER 31, 2009	$ 309	$ 486,731	$ (2,149)	$ (117,663)	$ 39,337	$ 406,565
Issuance of common stock	70	75,623	-	-	-	75,693
Share-based compensation expense, net	-	580	-	-	-	580
Conversion and redemption of OP unit holders					(5)	(5)
Dividends declared to common shareholders	-	-	-	(17,333)	-	(17,333)
Distributions declared to noncontrolling interests	-	-	-	-	(1,422)	(1,422)
Dividends paid on restricted shares	-	-	-	(125)	-	(125)
Consolidation of variable interest entity	-	-	-	-	2,900	2,900
Other comprehensive income adjustment	-	-	1,769	-	144	1,913
Net income (loss)	-	-	-	(28,466)	(4,131)	(32,597)
BALANCE, SEPTEMBER 30, 2010	$ 379	$ 562,934	$ (380)	$ (163,587)	$ 36,823	$ 436,169

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, 2010 and 2009
(In thousands)
(Unaudited)

	Nine months ended September 30,	
	2010	2009
OPERATING ACTIVITIES		
Net income (loss)	$(32,597)	$15,245
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	22,864	23,219
Amortization of deferred financing fees	1,843	528
Earnings (loss) from unconsolidated joint ventures	662	(1,349)
Distributions received from operations of unconsolidated joint ventures	1,859	3,131
Provision for impairment	28,787	-
Impairment charge on unconsolidated joint ventures	2,653	-
Discontinued operations	11	(274)
Gain on sale of real estate	(2,132)	(5,011)
Share-based compensation expense	765	1,058
Changes in assets and liabilities:		
Accounts and other receivables	2,257	1,072
Other assets	3,301	986
Accounts payable and accrued expenses	(3,233)	4,036
Net cash provided by continuing operating activities	27,040	42,641
Operating cash from discontinued operations	26	352
(Gain) loss on sale of discontinued operations	2,050	(2,886)
Net cash provided by operating activities	29,116	40,107
INVESTING ACTIVITIES		
Additions to real estate, net	$(36,108)	$(17,662)
Proceeds from sale of real estate	3,226	22,985
Increase in restricted cash	(4,131)	(177)
Notes receivable from unconsolidated joint ventures	(16,824)	(4,264)
Investment in unconsolidated joint ventures	(13,208)	(4,568)
Net cash used in continuing investing activities	(67,045)	(3,686)
Investing cash provided by discontinued operations	797	5,037
Net cash (used in) provided by investing activities	(66,248)	1,351
FINANCING ACTIVITIES		
Proceeds of mortgages and notes payable	$99,200	$58,000
Repayments of mortgages and notes payable	(122,079)	(177,084)
Payment of deferred financing costs	(1,058)	(145)
Proceeds from issuance of common stock	75,693	96,302
Repayment of capital lease obligation	(211)	(199)
Distributions paid to noncontrolling interests	-	(54)
Dividends paid to common shareholders	(16,305)	(12,953)

Distributions paid to operating partnership unit holders	(1,427)	(2,026)
Net cash provided by (used in) financing activities	33,813	(38,159)
Net increase (decrease) in cash and cash equivalents	(3,319)	3,299
Cash from consolidated variable interest entity	44	-
Cash and cash equivalents at beginning of the period	8,800	5,295
Cash and cash equivalents at end of the period	$5,525	$8,594
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest (net of capitalized interest of $1,059 and $1,331 in 2010 and 2009, respectively)	$22,138	$20,580
Cash paid for federal income taxes	3	376
Increase in fair value of interest rate swaps	1,913	836
Reclassification of notes receivable from unconsolidated joint venture	-	6,716
The Company acquired income producing property as follows:		
Fair value of income producing property	$15,200	$-
Assumption of mortgage notes payable	-	-
Cash paid for income producing property	$15,200	$-

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

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

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 September 30, 2010, the Company owned and managed a portfolio of 88 shopping centers, with approximately 20.0 million square feet of gross leaseable area ("GLA"), of which 15.4 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 condensed consolidated 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 September 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 condensed consolidated 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 7 of the notes to the condensed consolidated 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, which requires additional disclosures and clarification of existing fair value measurement disclosures. The update was effective for fiscal years beginning after December 15, 2009. 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 10 of the notes to the condensed consolidated financial statements for more information on fair value measurements.

2. Accounts Receivable, Net

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 $4,240 and $3,288 (including the amounts related to the allowance for straight-line rent receivables discussed below) at September 30, 2010 and December 31, 2009, respectively.

Accounts receivable includes $18,029 and $17,114 of unbilled straight-line rent receivables, net of an allowance for doubtful accounts of $421 and $360 at September 30, 2010 and December 31, 2009, respectively.

3. Net Real Estate

Included in the Company's net real estate is income producing shopping center properties that are recorded at cost less accumulated depreciation and amortization.

Land held for development or sale 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. Land held for development or sale was $89,011 and $69,936 at September 30, 2010 and December 31, 2009, respectively. The increase in land held for development or sale from December 31, 2009 to September 30, 2010 was primarily attributable to the consolidation of the Ramco RM Hartland SC LLC variable interest entity. Refer to Note 7 of the notes to the condensed consolidated financial statements for information on the consolidation of the Ramco RM Hartland SC LLC joint venture. Additionally, refer to Note 5 of the notes to the condensed consolidated financial statements for information on the provision for impairment recorded in the third quarter of 2010.

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 buildings and improvements as appropriate. Construction in progress was $1,698 and $8,225 at September 30, 2010 and December 31, 2009, respectively. The decrease in construction in progress from December 31, 2009 to September 30, 2010 was due primarily to a substantially completed redevelopment property being transferred to income producing.

4. Acquisitions and Dispositions

The following table provides a summary of income producing property acquisition activity for the three months ended September 30, 2010:

Date Purchased	Property Name	Property Location	Square Feet	Purchase Price	Mortgage Assumed
August 10, 2010	Liberty Square	Wauconda, IL	107,369	$ 15,200	$ -

During the three and nine months ended September 30, 2010, we recognized approximately $110 of acquisition-related costs in connection with the property acquisition, which are recorded in general and administrative expense in the condensed consolidated statements of operations.

Dispositions:

In September 2010, the Company sold an outparcel in Duluth, Georgia for $1,825 in net proceeds. The sale resulted in a net gain of $1,607.

In September 2010, the Company sold an outparcel in Hartland, Michigan for $360 in net proceeds. The sale resulted in a net gain of $26.

In June 2010, the Company sold an outparcel in Jacksonville, Florida for $1,041 in net proceeds. The sale resulted in a net gain of $499.

In May 2010, the Company sold the Ridgeview Crossing Shopping Center in Elkin, North Carolina for $900 in net proceeds. The sale resulted in a net loss of $2,050. Income from operations and the loss on sale relating to Ridgeview Crossing are classified in discontinued operations on the condensed consolidated statements of operations and comprehensive income for all the periods presented.

5. Impairment Charges

The Company established provisions for impairment during the three and nine-month periods ended September 30, 2010 and 2009, on the following consolidated assets and unconsolidated joint venture investments:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Land held for development or sale (1)	$12,574	$-	$12,574	$-
The Town Center at Aquia (2)	16,213		16,213	-
Investments in unconsolidated joint ventures (3)	-	-	2,653	-
Total	$28,787	$-	$31,440	$-

(1)

The impairment charges were triggered by the Company's decision made during the three months ended September 30, 2010 to market certain land parcels for sale at several of our development projects. As of September 30, 2010, there were two land parcels under contract that were not classified as held for sale due to substantive contingencies associated with the respective contracts. Refer to Management's Discussion and Analysis of Financial Condition and Results of Operation under Accounting for the Impairment of Long-Lived Assets for a discussion of inputs used in determining the fair value of long-lived assets.

(2) Amounts reported in the third quarter of 2010 relate to buildings and other improvements located in Stafford County, Virginia that the Company intends to demolish in order to prepare the site for a mixed-use project. During the third quarter of 2010, the Company determined that it would market for sale all components of the project to various buyers and/or joint ventures. Notwithstanding the foregoing, the Company expects to retain an interest in certain parcels through participation in one or more joint ventures. Refer to Management's Discussion and Analysis of Financial Condition and Results of Operation under Accounting for the Impairment of Long-Lived Assets for a discussion of inputs used in determining the fair value of long-lived assets.

(3) In the first quarter of 2010, the Company recorded an impairment charge of $2,653 resulting from other than-temporary declines in the fair market value of various equity investments in unconsolidated joint ventures. Refer to Note 6 of the notes to condensed consolidated financial statements and Off Balance Sheet Arrangements in Management's Discussion and Analysis of Financial Condition and Results of Operation for a discussion of inputs used in determining the fair value of its investments in unconsolidated joint ventures.

The Company's impairment provisions were based upon the difference between the present value of estimated sales prices of the available-for-sale parcels and the Company's allocated basis of those parcels. Future sales prices were estimated based upon comparable market transactions for similar land parcels, market rates of return, and other market data relevant to valuing developable land. Based on these inputs the Company determined that its valuation in these investments was classified within Level 3 of the fair value hierarchy.

6. 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		September 30, 2010		December 31, 2009
ASSETS				
Investment in real estate, net	$	958,343	$	1,010,216
Other assets		47,146		42,858
Total Assets	$	1,005,489	$	1,053,074
LIABILITIES AND OWNERS' EQUITY				
Mortgage notes payable	$	470,686	$	537,732
Other liabilities		21,367		25,657
Owners' equity		513,436		489,685
Total Liabilities and Owners' Equity	$	1,005,489	$	1,053,074
Company's equity investments in unconsolidated entities	$	103,822	$	97,506
Company's notes receivable from unconsolidated entities	$	16,824	$	12,566

The note receivable from unconsolidated entities at September 30, 2010, consisted of the note purchased by the Company for $16,824 relating to the Merchants' Square Shopping Center in Carmel, Indiana. For additional information refer to the debt section of this footnote. The $12,566 note receivable from unconsolidated entities at December 31, 2009 related primarily to the Ramco RM Hartland SC LLC joint venture that is developing Hartland Towne Square, in Hartland, Michigan. Effective January 1, 2010, the Company prospectively consolidated the Ramco RM Hartland SC LLC joint venture. For additional information on the consolidation of the Ramco RM Hartland SC LLC joint venture refer to Note 7 of the notes to the condensed consolidated financial statements.

Statements of Operations	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Total Revenue	$22,924	$24,413	$71,204	$72,790
Total Expenses	20,900	22,312	66,423	67,135
	2,024	2,101	4,781	5,655
Impairment of long-lived assets (1)	9,102	-	9,102	-
Net income (loss)	$(7,078)	$2,101	$(4,321)	$5,655
Company's share of earnings (loss) from unconsolidated entities	$(1,362)	$492	$(662)	$1,349

(1) The impairment of long-lived assets relates to the Merchants' Square shopping center and is based on the joint venture's preliminary assessment of fair value. The Company's share of the impairment, which represents its entire equity investment in the shopping center, was $1,820 for the three and nine months ended September 30, 2010. Refer to Note 16.

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

Entity Name	Ownership as of September 30, 2010	Total Assets as of September 30, 2010	Total Assets as of December 31, 2009
S-12 Associates	50 %	$ 648	$ 644
Ramco/West Acres LLC	40 %	9,620	9,610
Ramco/Shenandoah LLC	40 %	15,378	15,164
Ramco/Lion Venture LP	30 %	529,253	534,348
Ramco 450 Venture LLC	20 %	348,289	364,347
Ramco 191 LLC	20 %	24,419	23,975
Ramco RM Hartland SC LLC	20 %	-	25,630
Ramco HHF KL LLC	7 %	51,234	50,991
Ramco HHF NP LLC	7 %	26,648	27,086
Ramco Jacksonville North Industrial LLC (1)	100 %	-	1,279
		$ 1,005,489	$ 1,053,074

(1) In the second quarter of 2010, the Company purchased its partner's 95% interest in the Ramco Jacksonville North Industrial LLC joint venture.

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 September 30, 2010 (unaudited):

Entity Name	Balance Outstanding	Interest Rate	Maturity Date
S-12 Associates	$ 734	5.9 %	May 2016 (1)
Ramco/West Acres LLC	8,401	13.1 %	April 2030 (2)
Ramco/Shenandoah LLC	11,727	7.3 %	February 2012
Ramco/Lion Venture LP	225,022	5.0% - 8.2 %	Various (3)
Ramco 450 Venture LLC	216,139	5.3% - 6.5 %	Various (4)
Ramco 191 LLC	8,663	1.8 %	June 2012
	$ 470,686		

(1) Interest rate resets annually per formula.
(2) Default interest rate, effective July, 1, 2010.
(3) Interest rates range from 5.0% to 8.2% with maturities ranging from August 2011 to June 2020.
(4) Interest rates range from 5.3% to 6.5% with maturities ranging from February 2011 to January 2018.

On September 3, 2010, the Company acquired the $32,700 note securing the Merchants' Square Shopping Center located in Carmel, Indiana for $16,824. The joint venture that owns this property anticipates transferring the property to us during the fourth quarter of 2010 in exchange for release of its obligations under the note. The joint venture recorded an asset impairment loss of $9,102 on the pending transfer. The Company recorded a $1,820 loss in the third quarter to reflect its share of the impairment charge which is included in earnings (loss) from unconsolidated joint ventures in the Company's condensed consolidated statements of operations for the three and nine months ended September 30, 2010.

Upon the closing of the transaction, the Company will determine the fair value of the property and will report its financial results on a consolidated basis in the fourth quarter of 2010.

At September 30, 2010, the Ramco/West Acres LLC joint venture in which the Company has a 40% ownership interest was in default on its $8,401 loan. The joint venture has been in discussions with the lender to restructure the loan. The joint venture is currently accruing interest at a default rate of 13.1%. Based upon the 40% ownership interest in the joint venture, the Company's share of the debt was $3,360 at September 30, 2010.
In September 2010, RLV Marketplace LP, an entity in the Ramco/Lion Venture LP joint venture in which the Company has a 30% ownership interest, paid off its $16,226 non-recourse loan. The Company's share of the debt was $4,868.

In August 2010, RLV Oriole Plaza LP, an entity in the Ramco/Lion Venture LP joint venture in which the Company has a 30% ownership interest, paid off its $11,512 non-recourse loan. The Company's share of the debt was $3,454.

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.

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 September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Management fees	$ 702	$ 707	$ 2,126	$ 2,148
Leasing fees	287	223	707	639
Development fees	44	215	205	486
Financing fees	29	4	29	72
Total	$ 1,062	$ 1,149	$ 3,067	$ 3,345

7. 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 September 30, 2010, the Company had advanced a mezzanine loan of $19,807. 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 related to the development of the project, the Company increased the mezzanine loan balance to the joint venture to $18,100 resulting in the Company 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, transferred 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. Therefore the power to direct the significant activities of the entity made the Company the primary beneficiary of the variable interest entity and 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 September 30, 2010 as follows:

		September 30, 2010
Assets		
Construction in progress and land held for development or sale	$	25,832
Other assets		49
Total Assets	$	25,881
Liabilities and Shareholders' Equity		
Mortgages and notes payable	$	4,605
Accounts payable and accrued expenses		488
Noncontrolling interest		993
Total Liabilities and Shareholders' Equity	$	6,086

The mortgage note payable of $4,605 at September 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.

Construction in progress and land held for development or sale of $25,832 related to the consolidated VIE comprises approximately 2.6% of the Company’s consolidated total assets at September 30, 2010. Mortgages and notes payable of $4,605 and noncontrolling interest of $993 related to the consolidated VIE, comprise less than 1.0% of the Company’s consolidated total debt and total equity, respectively at September 30, 2010.

8. Other Assets, Net

Other assets consisted of the following:

		September 30, 2010		December 31, 2009
Deferred leasing costs	$	42,396	$	40,922
Deferred financing costs		11,500		10,525
Intangible assets		6,714		5,836
Other		6,329		6,162
		66,939		63,445
Less: accumulated amortization		(42,062)		(37,766)
		24,877		25,679
Prepaid expenses and other		12,777		13,373
Other assets, net	$	37,654	$	39,052

Intangible assets at September 30, 2010 included $5,235 of lease origination costs and $1,479 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 September 30, 2010 and 2009, $2,411 and $1,634, respectively, of intangible assets, net of accumulated amortization of $4,303 and $4,120, respectively, were included in other assets in the condensed consolidated balance sheets. Included in net intangible assets at September 30, 2010 and 2009, were approximately $1,935 and $1,276, respectively, of lease origination costs and $476 and $358, respectively, of above market leases. Included in accounts payable and accrued expenses at September 30, 2010 and 2009 were intangible liabilities related to below market leases of $1,146 and $586, respectively, and an adjustment to increase debt to fair market value in the amount of $92 and $358, 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 $102 and $92, respectively, and an increase in revenue of $294 and $120, respectively, for the nine months ended September 30, 2010 and 2009.

The average amortization period for intangible assets attributable to lease origination costs and for above market leases are 7.3 years and 8.8 years, respectively.

Deferred financing costs, net of accumulated amortization were $7,212 at September 30, 2010, compared to $8,056 at December 31, 2009. The Company recorded amortization of deferred financing costs of $1,843 and $528, respectively, during the nine months ended September 30, 2010 and 2009. This amortization has been recorded as interest expense in the Company's condensed consolidated statements of operations.

9. Mortgages and Notes Payable

The following table summarizes our mortgages and notes payable as of September 30, 2010 and December 31, 2009:

Mortgages and Notes Payable	September 30, 2010	December 31, 2009
Fixed rate mortgages	$ 357,958	$ 330,963
Variable rate mortgages	22,594	14,427
Secured Revolving Credit Facility	99,500	92,036
Secured Term Loan Facility	30,000	67,000
Revolving Credit Facility, securing The Town Center at Aquia	-	20,000
Junior subordinated notes, 7.9%, unsecured	28,125	28,125
	$ 538,177	$ 552,551

The Company's fixed rate mortgages have interest rates ranging from 4.8% to 7.6%, and are due at various dates from November 2010 through April 2020. The Company's variable rate mortgages have interest rates ranging from 5.3% to 6.0%, and are due at various dates from November 2010 through April 2020. The mortgage notes, both fixed rate and variable rate, are secured by mortgages on properties that have an approximate net book value of $426,508 as of September 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 $275,975 as of September 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 September 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 $75,700. The net proceeds from the offering were used to repay debt and other corporate matters.

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 the 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 September 30, 2010, outstanding letters of credit issued under the Credit Facility, not reflected in the accompanying condensed consolidated balance sheets, were $4,623. 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 September 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 September 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 September 30, 2010. Based on rates in effect at September 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 September 30, 2010 (unaudited):

Year Ending December 31,	
2010 (October 1 - December 31)	$ 5,992
2011	83,318
2012	134,354
2013	34,436
2014	33,086
Thereafter	246,991
Total	$ 538,177

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.

10. 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 on a recurring basis:

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 11 of the notes to the condensed consolidated financial statements for additional information on the Company's derivative financial instruments.

The table below presents the recorded amount of liabilities measured at fair value on a recurring basis as of September 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 September 30, 2010.

	Total Fair Value	Level 1	Level 2	Level 3
Liabilities				
Derivative liabilities (1)	$ (604)	$ -	$ (604)	$ -

(1) Interest rate swaps.

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

Net Real Estate

The Company's net 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.

The table below presents the recorded amount of assets measured at fair value on a nonrecurring basis as of September 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 September 30, 2010.

Assets	Total Fair Value	Level 1	Level 2	Level 3	Total (Losses)
Long-lived assets:					
Land held for development or sale	$ 49,395	$ -	$ -	$ 49,395	$ (28,787)
Investments in unconsolidated joint ventures	99,922	-	-	99,922	(4,473)
Total	$ 149,317	$ -	$ -	$ 149,317	$ (33,260)

11. Derivative Financial Instruments

As of September 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 September 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 condensed consolidated statements of operations. Refer to Note 10 of the notes to the condensed consolidated 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 September 30, 2010:

Underlying Debt	Hedge Type	Notional Value	Fixed Rate	Fair Value	Expiration Date
Credit Facility	Cash Flow	$ 20,000	6.4 %	$ (128)	12/2010
Credit Facility	Cash Flow	10,000	6.6 %	(66)	12/2010
Credit Facility	Cash Flow	10,000	6.6 %	(66)	12/2010
Credit Facility	Cash Flow	10,000	6.6 %	(58)	12/2010
Credit Facility	Cash Flow	20,000	6.7 %	(143)	12/2010
Credit Facility	Cash Flow	20,000	6.7 %	(143)	12/2010
		$ 90,000		$ (604)	

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

	Liability Derivatives			
	September 30, 2010		December 31, 2009	
Derivatives Designated as Hedging Instruments	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate contracts	Accounts payable and accrued expenses	$ (604)	Accounts payable and accrued expenses	$ (2,517)
Total		$ (604)		$ (2,517)

The effect of derivative financial instruments on the Company's condensed consolidated statements of operations for the nine months ended September 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) Nine Months Ended September 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) Nine Months Ended September 30, 2010	2009
Interest rate contracts	$1,913	$836	Interest Expense	$(2,181)	$(2,108)
Total	$1,913	$836		$(2,181)	$(2,108)

12. 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 September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	(Dollars in thousands, except per share amounts)			
Numerator:				
Income (loss) from continuing operations before noncontrolling interest	$ (29,450)	$ 7,536	$ (30,536)	$ 12,085
Noncontrolling interest from continuing operations	2,702	(907)	3,986	(1,679)
Income (loss) from continuing operations available to common shareholders	(26,748)	6,629	(26,550)	10,406
Discontinued operations, net of noncontrolling interest:				
Income (loss) on sale of real estate	-	2,497	(1,905)	2,494
Income (loss) from operations	7	198	(11)	237
Net income (loss) available to common shareholders	$ (26,741)	$ 9,324	$ (28,466)	$ 13,137
Denominator:				
Weighted-average common shares for basic EPS	38,020	20,548	34,497	19,292
Dilutive effect of securities:				
Options outstanding	-	-	-	-
Weighted-average common shares for diluted EPS	38,020	20,548	34,497	19,292
Basic EPS:				
Income (loss) from continuing operations	$ (0.70)	$ 0.32	$ (0.77)	$ 0.54
Income (loss) from discontinued operations	-	0.13	(0.06)	0.14
Net income (loss) attributable to common shareholders	$ (0.70)	$ 0.45	$ (0.83)	$ 0.68
Diluted EPS:				
Income (loss) from continuing operations	$ (0.70)	$ 0.32	$ (0.77)	$ 0.54

Income (loss) from discontinued operations	-	0.13	(0.06)	0.14
Net income (loss) attributable to common shareholders	$ (0.70)	$ 0.45	$ (0.83)	$ 0.68

13. 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 $75,700. The net proceeds from the offering were used to repay debt and for other corporate purposes.

14. Restructuring Costs and Other Items

The following table presents a summary of the charges recorded in restructuring costs and other items:

	Three Months Ended September 30,	Nine Months Ended September 30,
	2010	