RAMCO GERSHENSON PROPERTIES TRUST
Form 10-Q
October 29, 2013

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, 2013

Commission file number 1-10093

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

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

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports). And (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes x No o

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

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

reporting company)

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

Yes o No x

Number of common shares of beneficial interest ($0.01 par value) of the registrant outstanding as of October 24, 2013: 61,970,589

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PART 1 – FINANCIAL INFORMATION
Item 1. Unaudited Condensed Consolidated Financial Statements

RAMCO-GERSHENSON PROPERTIES TRUST
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	September 30, 2013 (unaudited)	December 31, 2012
ASSETS		
Income producing properties, at cost:		
Land	$273,579	$166,500
Buildings and improvements	1,256,019	952,671
Less accumulated depreciation and amortization	(244,906)	(237,462)
Income producing properties, net	1,284,692	881,709
Construction in progress and land held for development or sale	97,024	98,541
Net real estate	1,381,716	980,250
Equity investments in unconsolidated joint ventures	31,819	95,987
Cash and cash equivalents	4,782	4,233
Restricted cash	8,420	3,892
Accounts receivable (net of allowance for doubtful accounts of $2,289 and $2,589 as of September 30, 2013 and December 31, 2012, respectively)	9,188	7,976
Other assets, net	111,075	72,953
TOTAL ASSETS	$1,547,000	$1,165,291
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes payable:		
Senior unsecured notes payable	$340,000	$180,000
Mortgages payable	338,038	293,156
Unsecured revolving credit facility	10,000	40,000
Junior subordinated notes	28,125	28,125
Total notes payable	716,163	541,281
Capital lease obligation	5,772	6,023
Accounts payable and accrued expenses	32,730	21,589
Other liabilities	41,771	26,187
Distributions payable	13,795	10,379
TOTAL LIABILITIES	810,231	605,459
Commitments and Contingencies		
Ramco-Gershenson Properties Trust ("RPT") Shareholders' Equity:		
Preferred shares, $0.01 par, 2,000 shares authorized: 7.25% Series D Cumulative Convertible Perpetual Preferred Shares, (stated at liquidation preference $50 per share), 2,000 shares issued and outstanding as of September 30, 2013 and December 31, 2012	$100,000	$100,000
Common shares of beneficial interest, $0.01 par, 120,000 shares authorized, 61,560 and 48,489 shares issued and outstanding as of September 30, 2013 and December 31, 2012, respectively	616	485
Additional paid-in capital	879,377	683,609

Accumulated distributions in excess of net income	(270,302)	(249,070)
Accumulated other comprehensive loss	(1,334)	(5,241)
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO RPT	708,357	529,783
Noncontrolling interest	28,412	30,049
TOTAL SHAREHOLDERS' EQUITY	736,769	559,832
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,547,000	$1,165,291

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
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
REVENUE				
Minimum rent	$33,238	$22,766	$89,868	$65,106
Percentage rent	85	170	200	369
Recovery income from tenants	10,203	7,644	28,333	22,707
Other property income	1,567	493	2,596	1,659
Management and other fee income	566	1,021	1,842	2,935
TOTAL REVENUE	45,659	32,094	122,839	92,776
EXPENSES				
Real estate taxes	6,374	4,006	16,754	12,583
Recoverable operating expense	4,846	3,885	13,752	11,055
Other non-recoverable operating expense	660	671	2,150	1,940
Depreciation and amortization	15,165	10,481	40,649	28,599
General and administrative expense	5,363	4,990	16,497	14,746
TOTAL EXPENSES	32,408	24,033	89,802	68,923
OPERATING INCOME	13,251	8,061	33,037	23,853
OTHER INCOME AND EXPENSES				
Other (expense) income, net	(400)	54	(716)	172
(Loss) gain on sale of real estate	(13)	—	3,901	69
Earnings (loss) from unconsolidated joint ventures	387	1,008	(5,027)	2,084
Interest expense	(7,915)	(6,430)	(21,284)	(19,509)
Amortization of deferred financing fees	(382)	(354)	(1,069)	(1,107)
Provision for impairment on equity investments in unconsolidated joint ventures	—	(294)	—	(294)
Deferred gain recognized upon acquisition of real estate	—	845	5,282	845
INCOME FROM CONTINUING OPERATIONS BEFORE TAX	4,928	2,890	14,124	6,113
Income tax benefit (provision)	29	19	(1)	17
INCOME FROM CONTINUING OPERATIONS	4,957	2,909	14,123	6,130
DISCONTINUED OPERATIONS				
Gain on sale of real estate	657	—	2,194	336
Gain on extinguishment of debt	—	—	—	307
Provision for impairment	—	—	—	(2,536)
Income from discontinued operations	101	412	454	1,196
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	758	412	2,648	(697)
NET INCOME	5,715	3,321	16,771	5,433

Net (income) loss attributable to noncontrolling partner interest	(201)	(158)	(634)	191
NET INCOME ATTRIBUTABLE TO RPT	5,514	3,163	16,137	5,624
Preferred share dividends	(1,813)	(1,813)	(5,438)	(5,438)
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	$3,701	$1,350	$10,699	$186
EARNINGS (LOSS) PER COMMON SHARE, BASIC				
Continuing operations	$0.05	$0.02	$0.14	$0.02
Discontinued operations	0.01	0.01	0.04	(0.02)
	$0.06	$0.03	$0.18	$—
EARNINGS (LOSS) PER COMMON SHARE, DILUTED				
Continuing operations	$0.05	$0.02	$0.14	$0.02
Discontinued operations	0.01	0.01	0.04	(0.02)
	$0.06	$0.03	$0.18	$—
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	61,102	46,911	57,626	42,834
Diluted	61,572	47,197	58,097	43,115
OTHER COMPREHENSIVE INCOME				
Net income	$5,715	$3,321	$16,771	$5,433
Other comprehensive income (loss):				
(Loss) gain on interest rate swaps	(620)	(960)	4,056	(3,163)
Comprehensive income	5,095	2,361	20,827	2,270
Comprehensive loss (income) attributable to noncontrolling interest	22	46	(149)	172
COMPREHENSIVE INCOME ATTRIBUTABLE TO RPT	$5,117	$2,407	$20,678	$2,442

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, 2013
(In thousands)
(Unaudited)

	Shareholders' Equity of Ramco-Gershenson Properties Trust						
	Preferred Shares	Common Shares	Additional Paid-in Capital	Accumulated Distributions in Excess of Net Income	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Shareholders’ Equity
Balance, December 31, 2012	$100,000	$485	$683,609	$(249,070)	$(5,241)	$30,049	$559,832
Issuance of common shares	—	130	194,892	—	—	—	195,022
Conversion and redemption of OP unit holders	—	—	—	—	—	(1,239)	(1,239)
Share-based compensation and other expense	—	1	876	—	—	—	877
Dividends declared to common shareholders	—	—	—	(31,679)	—	—	(31,679)
Dividends declared to preferred shareholders	—	—	—	(5,438)	—	—	(5,438)
Distributions declared to noncontrolling interests	—	—	—	—	—	(1,181)	(1,181)
Dividends declared to deferred shares	—	—	—	(252)	—	—	(252)
Other comprehensive income adjustment	—	—	—	—	3,907	149	4,056
Net income	—	—	—	16,137	—	634	16,771
Balance, September 30, 2013	$100,000	$616	$879,377	$(270,302)	$(1,334)	$28,412	$736,769

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

RAMCO-GERSHENSON PROPERTIES TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2013	2012
OPERATING ACTIVITIES		
Net income	$16,771	$5,433
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including discontinued operations	40,909	29,332
Amortization of deferred financing fees, including discontinued operations	1,069	1,113
Income tax provision (benefit)	1	(17)
Loss (earnings) from unconsolidated joint ventures	5,027	(2,084)
Distributions received from operations of unconsolidated joint ventures	2,198	3,301
Provision for impairment from discontinued operations	—	2,536
Provision for impairment on equity investments in unconsolidated joint ventures	—	294
Gain on extinguishment of debt, including discontinued operations	—	(307)
Deferred gain recognized upon acquisition of real estate	(5,282)	(845)
Gain on sale of real estate, including discontinued operations	(6,095)	(405)
Amortization of premium on mortgages, net	(364)	(23)
Share-based compensation expense	1,614	1,591
Long-term incentive cash compensation expense	1,064	250
Changes in assets and liabilities:		
Accounts receivable, net	(1,212)	138
Other assets, net	(951)	5,120
Accounts payable, accrued expenses and other liabilities	11,407	(2,109)
Net cash provided by operating activities	66,156	43,318
INVESTING ACTIVITIES		
Acquisition of real estate, net of assumed debt	$(222,071)	$(122,831)
Development and capital improvements	(29,928)	(41,047)
Net proceeds from sales of real estate	24,570	10,292
Distributions from sale of joint venture property	1,687	2,227
(Increase) decrease in restricted cash	(4,528)	1,114
Investment in unconsolidated joint ventures	(4,979)	(3,302)
Note receivable from third party	—	(3,111)
Net cash used in investing activities	(235,249)	(156,658)
FINANCING ACTIVITIES		
Proceeds on mortgages and notes payable	$160,000	$45,000
Repayment of mortgages and notes payable	(117,345)	(23,068)
Net (repayments) borrowings on revolving credit facility	(30,000)	15,500
Payment of deferred financing costs	(1,363)	(1,959)
Proceeds from issuance of common stock	194,975	101,530
Repayment of capitalized lease obligation	(251)	(237)
Conversion of operating partnership units for cash	(1,239)	—
Dividends paid to preferred shareholders	(5,438)	(5,438)

Dividends paid to common shareholders	(28,539)	(20,500)
Distributions paid to operating partnership unit holders	(1,158)	(1,290)
Net cash provided by financing activities	169,642	109,538
Net change in cash and cash equivalents	549	(3,802)
Cash and cash equivalents at beginning of period	4,233	12,155
Cash and cash equivalents at end of period	$4,782	$8,353
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY		
Assumption of debt related to acquisitions	$158,767	$—
Conveyance of mortgage to lender	$—	$8,501
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest (net of capitalized interest of $770 and $758 in 2013 and 2012, respectively)	$21,225	$19,733
Cash paid for federal income taxes	$—	$16

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

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

1. Organization and Basis of Presentations

Organization

Ramco-Gershenson Properties Trust, together with its subsidiaries (the “Company”), is a real estate investment trust (“REIT”) engaged in the business of owning, developing, redeveloping, acquiring, managing and leasing community shopping centers located predominantly in the Eastern, Midwestern and Central regions of the United States. As of September 30, 2013, our property portfolio consists of 65 wholly owned shopping centers and one office building comprising approximately 12.5 million square feet. In addition, we are co-investor in and manager of two joint ventures that own portfolios of shopping centers. We own 20% of Ramco 450 Venture LLC, an entity that owns eight shopping centers comprising approximately 1.7 million square feet. We own 30% of Ramco/Lion Venture L.P., an entity that owns three shopping centers comprising approximately 0.8 million square feet. We also have ownership interests in three smaller joint ventures that each own a shopping center. In addition, we own interests in three parcels of land held for development or sale and five parcels of land adjacent to certain of our existing developed properties located in Florida, Georgia, Michigan, Tennessee, and Virginia. Most of our properties are anchored by supermarkets and/or national chain stores. The Company’s credit risk, therefore, is concentrated in the retail industry.

Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of the Company and our majority owned subsidiary, the Operating Partnership, Ramco-Gershenson Properties, L.P. (96.5% and 95.4% owned by the Company at September 30, 2013 and December 31, 2012, respectively), and all wholly-owned subsidiaries, including entities in which we have a controlling financial interest. We have elected to be a REIT for federal income tax purposes. All intercompany balances and transactions have been eliminated in consolidation. The information furnished is unaudited and reflects all adjustments which are, in the opinion of management, necessary to reflect a fair statement of the results for the interim periods presented, and all such adjustments are of a normal recurring nature. These condensed consolidated financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2012.

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

Sales Taxes

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

Reclassifications

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

Recent Accounting Pronouncements

In July 2013, the FASB updated ASC 740 "Income Taxes" with ASU 2013-11 "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carry forward, a Similar Tax Loss, or a Tax Credit Carry forward Exists." The objective of this update is to reduce the diversity in practice related to the presentation of certain unrecognized tax benefits. The amendments in this update require an entity to present an unrecognized tax benefit in the financial statements as a reduction to a deferred tax asset for those instances described above, except in certain situations described in the update. For public entities, ASU 2013-11 is effective for fiscal years beginning after December 15, 2013 and interim periods with those years. The guidance should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Early adoption and retrospective application are permitted. We are evaluating the impact that this update may have on our condensed consolidated financial statements.

In July 2013, the FASB updated ASC 815 "Derivatives and Hedging" with ASU 2013-10 "Inclusion of the Fed Funds Effective Swap Rate (of Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes." ASU 2013-10 permits the Overnight Index Swap ("OIS") Rate, also referred to as the Fed Funds effective Swap Rate, to be used as a U.S. benchmark for hedge accounting purposes, in addition to London Interbank Offered Rate ("LIBOR") and interest rate on direct U.S. Treasury obligations. The guidance also removes the restriction on using different benchmarks for similar hedges. ASU 2013-10 is effective prospectively for qualifying new or re-designated hedges entered into on or after July 17, 2013. The adoption of this guidance will not have a material impact on our condensed consolidated financial statements.

In February 2013, the FASB updated ASC 220 “Comprehensive Income” with ASU 2013-2 "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income." This update requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, ASU 2013-2 requires an entity to present, either on the face of the income statement or in the notes to financial statements, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts, an entity is required to cross-reference to other disclosures required under GAAP that provide additional detail about those amounts. The amendments in ASU 2013-2 do not change the current requirements for reporting net income or other comprehensive income in financial statements. For public entities, the amendments in ASU 2013-2 are effective prospectively for reporting periods beginning after December 15, 2012. The adoption of this guidance concerns disclosure only and did not have an impact on our condensed consolidated financial statements.

2. Real Estate

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

We review our investment in real estate, including any related intangible assets, for impairment on a property-by-property basis whenever events or changes in circumstances indicate that the remaining estimated useful lives of those assets may warrant revision or that the carrying value of the property may not be recoverable. For operating properties, these changes in circumstances include, but are not limited to, changes in occupancy, rental rates, tenant sales, net operating income, geographic location, and real estate values.

Land held for development or sale consists of projects where vertical construction has yet to commence, but which have been identified as available for future development when market conditions dictate the demand for a new shopping center. The viability of all projects under construction or development, including those owned by unconsolidated joint ventures, is regularly evaluated under applicable accounting requirements, including requirements relating to abandonment of assets or changes in use. Land held for development or sale was $67.4 million and $81.5 million at September 30, 2013 and December 31, 2012, respectively.

Construction in progress represents existing redevelopment and tenant build-out projects. When projects are substantially complete and ready for their intended use, balances are transferred to land or building and improvements as appropriate. Construction in progress was $29.6 million and $17.0 million at September 30, 2013 and December 31, 2012, respectively.

The increase in construction in progress from December 31, 2012 to September 30, 2013 was due primarily to the commencement of Phase I of Lakeland Park Center, located adjacent to our existing Shoppes of Lakeland shopping center in Lakeland, Florida, and ongoing redevelopment projects at existing centers. This increase was partially offset by the completion of Phase I of our Parkway Shops development, located in Jacksonville, Florida which was

completed in April 2013 at a cost of approximately $17.5 million.

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3. Property Acquisitions and Dispositions

Acquisitions

The following table provides a summary of our acquisition activity for the nine months ended September 30, 2013:

Property Name	Location	GLA	Date Acquired	Gross Purchase Price	Assumed Debt
		(In thousands)		(In thousands)	
Deer Grove Centre	Palatine, IL	236	08/26/13	$20,000	$—
Mount Prospect Plaza	Mt. Prospect, IL	301	06/20/13	36,100	—
The Shoppes at Nagawaukee	Delafield, WI	106	04/18/13	22,650	9,253
Clarion Partners Portfolio - 12 Income Producing Properties	FL & MI	2,246	03/25/13	367,415	149,514
Total consolidated income producing acquisitions		2,889		$446,165	$158,767

The Clarion Partners Portfolio of 12 properties (the "Clarion Acquisition") acquired on March 25, 2013 was previously held in the Ramco/Lion Venture LP, a joint venture in which we hold a 30% interest and which still owns three properties.

For the nine months ended September 30, 2013 we recognized a deferred gain of $5.3 million related to one property that was included in the Clarion Acquisition. The deferred gain related to our proportional 30% equity interest when the property was sold to the joint venture in 2007.

The aggregate fair value of our 2013 acquisitions through September 30, 2013, was allocated and is reflected in the following table in accordance with accounting guidance for business combinations.

	Allocated Fair Value
	(In thousands)
Land	$110,025
Buildings and improvements	310,086
Above market leases	4,895
Lease origination costs	36,600
Other assets	6,283
Below market leases	(18,027)
Premium for above market interest rates on assumed debt	(3,697)
Total purchase price allocated	$446,165

Total revenue and net income for the 2013 acquisitions included in our condensed consolidated statement of operations for the three and nine months ended September 30, 2013 were as follows:

	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2013
	(In thousands)	
Total revenue from 2013 acquisitions	$2,183	$2,754
Net income from 2013 acquisitions	$610	$743

Unaudited Proforma Information

If the 2013 Acquisitions had occurred on January 1, 2012, our consolidated revenues and net income for the three and nine months ended September 30, 2013 and 2012 would have been as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(In thousands)			
Consolidated revenue	$47,120	$43,608	$133,793	$127,736
Consolidated net income available to common shareholders	$3,930	$1,746	$11,890	$3,913

Dispositions

The following table provides a summary of our disposition activity for the nine months ended September 30, 2013:

Property Name	Location	GLA	Acreage	Date Sold	Gross Sales Price	Debt Repaid	Gain on Sale
		(In thousands)			(In thousands)		
Edgewood Towne Center	Lansing, MI	86	N/A	09/27/13	$5,480	$—	$657
Mays Crossing	Stockbridge, GA	137	N/A	04/09/13	8,400	—	1,537
Total consolidated income producing dispositions		223			$13,880	$—	$2,194
Jacksonville North Industrial - The Learning Experience Outparcel	Jacksonville, FL	N/A	1.0	09/26/13	$510	$—	$(13)
Parkway Phase I - Mellow Mushroom Outparcel	Jacksonville, FL	N/A	1.2	05/22/13	1,200	—	332
Roseville Towne Center - Wal-Mart parcel	Roseville, MI	N/A	11.6	02/15/13	7,500	—	3,030
Parkway Phase I - BJ's Restaurant Outparcel	Jacksonville, FL	N/A	2.9	01/24/13	2,600	—	552
Total consolidated land / outparcel dispositions			16.7		$11,810	$—	$3,901
Total consolidated dispositions		223	16.7		$25,690	$—	$6,095

4. Discontinued Operations

We will classify properties as held for sale when executed purchase and sales agreement contingencies have been satisfied thereby signifying that the sale is legally binding and we are able to conclude that the sale of the property within one year is probable. As of September 30, 2013 and 2012, we did not have any properties held for sale.

The following table provides a summary of selected operating results for those properties sold during the three and nine months ended September 30, 2013 and 2012:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(In thousands)			
Total revenue	$254	$715	$1,176	$3,608
Expenses:				
Recoverable operating expenses	71	168	351	1,056
Other non-recoverable property operating expenses	30	2	48	268
Depreciation and amortization	60	133	261	734
Interest expense	—	—	—	248
Operating income of properties sold	93	412	516	1,302
Other income (expense)	8	—	(62)	(106)
Gain on sale of properties	657	—	2,194	336
Gain on early extinguishment of debt	—	—	—	307
Provision for impairment	—	—	—	(2,536)
Income (loss) from discontinued operations	$758	$412	$2,648	$(697)

5. Equity Investments in Unconsolidated Joint Ventures

We have five joint venture agreements whereby we own between 7% and 30% of the equity in the joint venture. We and the joint venture partners have joint approval rights for major decisions, including those regarding property operations. We cannot make significant decisions without our partner's approval. Accordingly, we account for our interest in the joint ventures using the equity method of accounting.

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

Balance Sheets	September 30, 2013	December 31, 2012
	(In thousands)	
ASSETS		
Investment in real estate, net	$411,947	$796,584
Cash, accounts receivable and other assets	28,779	56,631
Total Assets	$440,726	$853,215
LIABILITIES AND OWNERS' EQUITY		
Mortgage notes payable	$177,974	$360,302
Other liabilities	7,511	13,866
Owners' equity	255,241	479,047
Total Liabilities and Owners' Equity	$440,726	$853,215
RPT's equity investments in unconsolidated joint ventures	$31,819	$95,987

Statements of Operations	Three Months Ended September 30, 2013	2012	Nine Months Ended September 30, 2013	2012
	(In thousands)			
Total Revenue	$10,561	$10,476	$32,286	$30,973
Total Expenses	9,589	10,372	29,568	31,003
Income (loss) before other income and expenses and discontinued operations	972	104	2,718	(30)
Gain on extinguishment of debt	—	77	—	77
Income from continuing operations	972	181	2,718	47
Discontinued operations				
Provision for impairment of long-lived assets	—	—	—	(712)
Gain on extinguishment of debt	—	—	—	198
Gain on sale of land	—	716	—	716
Gain (loss) on sale of real estate [1]	—	28	(21,512)	(61)
Income from discontinued operations	215	1,716	1,376	5,296
Income (loss) from discontinued operations	215	2,460	(20,136)	5,437
Net income (loss)	$1,187	$2,641	$(17,418)	$5,484
RPT's share of earnings (loss) from unconsolidated joint ventures [2]	$387	$975	$(5,027)	$2,481

(1) In March, 2013 Ramco/Lion Venture LP sold 12 shopping centers to us. The aggregate purchase price for 100% of the shopping centers was $367.4 million resulting in a loss on the sale of $21.5 million to the joint venture. The properties are located in Florida and Michigan. Three properties remain in this joint venture.

(2) For the three and the nine months ended September 30, 2012, our pro-rata share excludes $33,000 related to the acquisition of the partner's interest in a joint venture. In addition, for the nine months ended September 30, 2012, our pro-rata share excludes $0.43 million in costs associated with the liquidation of a joint venture concurrent with the extinguishment of its debt. The costs are reflected in earnings (loss) from unconsolidated joint ventures on our statement of operations.

As of September 30, 2013, we had investments in the following unconsolidated joint ventures:

Unconsolidated Entities	Ownership as of September 30, 2013	Total Assets as of September 30, 2013	Total Assets as of December 31, 2012
		(In thousands)	
Ramco/Lion Venture LP [1]	30%	$92,285	$495,585
Ramco 450 Venture LLC	20%	294,789	303,107
Other Joint Ventures	7%-20%	53,652	54,523
		$440,726	$853,215

(1) The decrease in total assets is related to the March, 2013 sale of 12 shopping centers with a book value of $387.3 million.

There was no acquisition activity in the nine months ended September 30, 2013 and 2012 by any of our unconsolidated joint ventures.

Debt

Our unconsolidated joint ventures had the following debt outstanding at September 30, 2013:

Entity Name	Balance Outstanding (In thousands)
Ramco 450 Venture LLC [1]	$139,963
Ramco/Lion Venture LP [2]	30,634
Other Joint Ventures [3]	7,612
	$178,209
Unamortized premium	(235)
Total mortgage debt	$177,974

(1) Maturities range from November 2013 to September 2023 with interest rates ranging from 2.9% to 5.8%

(2) Balance relates to Millennium Park's mortgage loan which has a maturity date of October 2015 with a 5% interest rate.

(3) Balance relates to Paulding Pavilion's mortgage loan which has a maturity date of January 2014. The interest rate is variable based on LIBOR plus 3.50%.

During the nine months ended September 30, 2013, Ramco 450 Venture LLC refinanced (or repaid):

- the mortgage on The Plaza at Delray with a new 10-year loan in the amount of $46.0 million;
- the mortgage on Olentangy Plaza in the amount of $21.6 million of which our share was $4.3 million; and
- the mortgage on Market Plaza. The new five year loan required the joint venture to pay down the outstanding principal balance from $24.5 million to $16.0 million, of which our 20% share was $1.7 million.

Ramco 450 Venture LLC expects to close on a new mortgage on the Chester Springs shopping center prior to the November 1, 2013 due date of the current mortgage. There are no other loans maturing until the first quarter of 2014.

Joint Venture Management and Other Fee Income

We are engaged by certain of our joint ventures to provide asset management, property management, leasing and investing services for such venture's respective properties. We receive fees for our services, including a property management fee calculated as a percentage of gross revenues received, and recognize these fees as the services are rendered.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(In thousands)			
Management fees	$389	$636	$1,469	$2,006
Leasing fees	172	253	320	683
Construction fees	5	132	53	246
Total	$566	$1,021	$1,842	$2,935

6. Other Assets, Net

Other assets consist of the following:

	September 30, 2013	December 31, 2012
	(In thousands)	
Deferred leasing costs, net	$22,550	$18,067
Deferred financing costs, net	6,367	6,073
Lease intangible assets, net	56,965	25,611
Straight-line rent receivable, net	14,660	14,799
Cash flow hedge marked-to-market asset	1,499	—
Prepaid and other deferred expenses, net	5,109	4,636
Other, net	3,925	3,767
Other assets, net	$111,075	$72,953

Total accumulated amortization of other assets was $40.0 million and $35.7 million at September 30, 2013 and December 31, 2012, respectively.

The increase in other assets, net is primarily due to our acquisitions completed during 2013 and the allocation of a portion of the purchase price to deferred leasing costs and lease intangible assets as well as the increase in deferred financing costs related to two debt transactions.

Intangible assets attributable to lease origination costs and for above-market leases are being amortized over the lives of the applicable lease. Amortization of lease origination costs is an increase to amortization expense and amortization of above-market leases is a reduction to minimum rent revenue over the applicable terms of the respective leases. Amortization of the above-market leases resulted in a reduction of revenue of approximately $1.5 million and $0.6 million for the nine months ended September 30, 2013 and 2012, respectively.

Straight-line rent receivables are recorded net of allowances of $4.0 million and $3.0 million at September 30, 2013 and December 31, 2012, respectively.

7. Debt

The following table summarizes our mortgages and notes payable and capital lease obligation as of September 30, 2013 and December 31, 2012:

Notes Payable	September 30, 2013	December 31, 2012
	(In thousands)	
Senior unsecured notes	$110,000	$—
Unsecured term loan facilities	230,000	180,000
Fixed rate mortgages	334,687	293,139
Unsecured revolving credit facility	10,000	40,000
Junior subordinated notes	28,125	28,125
	712,812	541,264
Unamortized premium	3,351	17
	$716,163	$541,281
Capital lease obligation [(1)]	$5,772	$6,023

(1) 99 year ground lease expires 9/30/2103. However, an anchor tenant's exercise of its option to purchase its parcel in October 2014 would require us to purchase the real estate that is subject to the ground lease.

In conjunction with our acquisitions in 2013, we assumed eight mortgages totaling $158.8 million. In addition to the contractual debt assumed, a premium of approximately $3.7 million was recorded based upon the fair value of the loans on the date they were assumed. This additional mortgage premium is amortized over the remaining life of the loans, with amortization recorded to decrease the monthly interest expense recorded on the loans. Of the eight mortgages assumed, three mortgages totaling $100.5 million were repaid during the second quarter of 2013.

Our fixed rate mortgages have interest rates ranging from 5.0% to 7.6% and are due at various maturity dates from May 2014 through June 2026. Included in fixed rate mortgages at September 30, 2013 and December 31, 2012 were unamortized premium balances related to the fair market value of debt of approximately $3.4 million and $17 thousand, respectively. The fixed rate mortgage notes are secured by mortgages on properties that have an approximate net book value of $349.3 million as of September 30, 2013.

We had net repayments of $30.0 million on our revolving credit facility during the nine months ended September 30, 2013 with a balance of $10.0 million outstanding at September 30, 2013. Outstanding letters of credit issued under our revolving credit facility, not reflected in the accompanying condensed consolidated balance sheets, totaled $8.2 million. These letters of credit reduce borrowing availability under our bank facility.

In June 2013, we closed on a $110.0 million private placement of senior unsecured notes. The notes were issued in three tranches maturing in 2021, 2023 and 2025. The weighted average interest rate on the notes is 4.04%.

In May 2013, we entered into a $50.0 million, seven year unsecured term loan that includes an accordion feature providing the opportunity to borrow up to an additional $25.0 million under the same loan agreement. In conjunction with the closing of the loan, we entered into a seven year swap agreement resulting in an interest rate at closing of 3.5%.

The $160.0 million in combined proceeds from our debt financings were used primarily to repay maturing mortgage debt. Specifically, we repaid:

- Mission Bay Plaza in the amount of $42.2 million with an interest rate of 6.6%;
- Hunter's Square in the amount of $33.0 million with an interest rate of 8.2%;
- Winchester Center in the amount of $25.3 million with an interest rate of 8.1%;
- East Town Plaza in the amount of $10.1 million with an interest rate of 5.5%; and
- Centre at Woodstock in the amount of $3.0 million with an interest rate of 6.9%.

Our revolving credit facility, term loans and unsecured notes contain financial covenants relating to total leverage, fixed charge coverage ratio, unencumbered assets, tangible net worth and various other calculations. As of September 30, 2013, we were in compliance with these covenants.

In January 2013, in accordance with the agreement, our junior subordinated notes converted from a fixed interest rate to a variable rate of LIBOR plus 3.3%. The maturity date of these notes is January 2038.

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

We have entered into mortgage loans which are secured by multiple properties and contain cross-collateralization and cross-default provisions. Cross-collateralization provisions allow a lender to foreclose on multiple properties in the event that we default under the loan. Cross-default provisions allow a lender to foreclose on the related property in the event a default is declared under another loan.

The following table presents scheduled principal payments on mortgages and notes payable as of September 30, 2013:

Year Ending December 31,	
	(In thousands)
2013 (October 1 - December 31)	$1,330
2014	34,691
2015	86,581
2016 [1]	33,182
2017	232,531
Thereafter	324,497
Subtotal debt	712,812
Unamortized premium	3,351
Total debt (including unamortized premium)	$716,163

(1) Scheduled maturities in 2016 include $10.0 million which represents the balance of the unsecured revolving credit facility drawn as of September 30, 2013.

We have no mortgage maturities until the second quarter of 2014 and it is our intent to repay these mortgages using cash, borrowings under our unsecured line of credit, or other sources of financing.

8. Other Liabilities, net

Other liabilities consist of the following:

	September 30, 2013	December 31, 2012
	(In thousands)	
Lease intangible liabilities, net	$31,826	$16,297
Cash flow hedge marked-to-market liability	3,016	5,574
Deferred liabilities	3,679	1,970
Tenant security deposits	2,902	1,948
Other, net	348	398
Other liabilities, net	$41,771	$26,187

The increase in other liabilities, net was primarily due to our 2013 acquisitions and the allocation of a portion of the purchase price to lease intangible liabilities. The lease intangible liability relates to below-market leases that are being accreted over the applicable terms of the acquired leases, which resulted in an increase of revenue of $2.2 million and $0.6 million for the nine months ended September 30, 2013 and 2012, respectively.

9. Fair Value

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

result in incorrect valuations that could be material to our condensed consolidated financial statements. These levels are:

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

Level 2	Valuation is based upon prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
Level 3	Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the assets or liabilities.

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

Derivative Assets and Liabilities

All of our derivative instruments are interest rate swaps for which quoted market prices are not readily available. For those derivatives, we measure fair value on a recurring basis using valuation models that use primarily market observable inputs, such as yield curves. We classify these instruments as Level 2. Refer to Note 10 for additional information on our derivative financial instruments.

The table below presents the recorded amount of assets and liabilities measured at fair value on a recurring basis as of September 30, 2013.

	Total Fair Value (In thousands)	Level 1	Level 2	Level 3
Derivative assets - interest rate swaps	$1,499	$—	$1,499	$—
Derivative liabilities - interest rate swaps	$(3,016)	$—	$(3,016)	$—

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

We estimated the fair value of our debt based on our incremental borrowing rates for similar types of borrowing arrangements with the same remaining maturity and on the discounted estimated future cash payments to be made for other debt. The discount rates used approximate current lending rates for loans or groups of loans with similar maturities and credit quality, assumes the debt is outstanding through maturity and considers the debt's collateral (if applicable). Since such amounts are estimates that are based on limited available market information for similar transactions, there can be no assurance that the disclosed value of any financial instrument could be realized by immediate settlement of the instrument. Fixed rate debt (including variable rate debt swapped to fixed through derivatives) with carrying values of $629.7 million and $456.3 million as of September 30, 2013 and December 31, 2012, respectively, have fair values of approximately $630.2 million and $455.4 million, respectively. Variable rate debt's fair value is estimated to be the carrying values of $83.1 million and $85.0 million as of September 30, 2013 and December 31, 2012, respectively. We classify our debt as level 2.

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

Net Real Estate

Our net investment in real estate, including any identifiable intangible assets, is subject to impairment testing on a nonrecurring basis. To estimate fair value, we use discounted cash flow models that include assumptions of the discount rates that market participants would use in pricing the asset. To the extent impairment has occurred, we

charge to expense the excess of the carrying value of the property over its estimated fair value. We classify impaired real estate assets as nonrecurring Level 3.

Equity Investments in Unconsolidated Joint Ventures

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

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has occurred, we charge to expense the excess of the carrying value of the equity investment over its estimated fair value. We classify other-than-temporarily impaired equity investments in unconsolidated entities as nonrecurring Level 3.

10. Derivative Financial Instruments

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

At September 30, 2013, we had five interest rate swap agreements with an aggregate notional amount of $185.0 million that were designated as cash flow hedges. The agreements provided for swapping one-month LIBOR interest rates ranging from 1.2% to 2.0% on our $75.0 million, $60.0 million, and $50.0 million unsecured term loans and have expirations ranging from April 2016 to May 2020.

The following table summarizes the notional values and fair values of our derivative financial instruments as of September 30, 2013:

Underlying Debt	Hedge Type	Notional Value (In thousands)	Fixed Rate		Fair Value (In thousands)		Expiration Date
Derivative Assets							
Unsecured term loan facility	Cash Flow	$50,000	1.4600	%	$1,499		05/2020
Derivative Liabilities							
Unsecured term loan facility	Cash Flow	$75,000	1.2175	%	$(1,416	)	04/2016
Unsecured term loan facility	Cash Flow	30,000	2.0480	%	(939	)	10/2018
Unsecured term loan facility	Cash Flow	25,000	1.8500	%	(557	)	10/2018
Unsecured term loan facility	Cash Flow	5,000	1.8400	%			