

RAMCO GERSHENSON PROPERTIES TRUST

Form S-3/A

March 25, 2002

**Table of Contents**

As filed with the Securities and Exchange Commission on March 25, 2002

Registration No. 333-57871

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

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**AMENDMENT NO. 1**  
**TO**  
**Form S-3**  
**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

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**Ramco-Gershenson Properties Trust**

*(Exact name of registrant as specified in its charter)*

**Maryland**

*(State or other jurisdiction of incorporation or organization)*

**13-6908486**

*(I.R.S. Employer Identification No.)*

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**27600 Northwestern Highway, Suite 200**  
**Southfield, Michigan 48034**  
**(248) 350-9900**

*(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)*

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**Dennis E. Gershenson**  
**Chief Executive Officer**  
**Ramco-Gershenson Properties Trust**  
**27600 Northwestern Highway, Suite 200**  
**Southfield, Michigan 48034**  
**(248) 350-9900**

*(Name, address, including zip code, and telephone number, including area code, of agent for service)*

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**Copies To:**

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**Detroit, Michigan 48226-3583**  
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**Approximate date of commencement of proposed sale to public:** As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

**CALCULATION OF REGISTRATION FEE**

<b>Title of securities to be registered</b>	<b>Amount to be registered</b>	<b>Proposed maximum aggregate price per share(1)</b>	<b>Proposed maximum aggregate offering price(1)</b>	<b>Amount of registration fee</b>
Common Shares of Beneficial Interest, \$0.01 par value	3,450,000	\$17.92	\$61,824,000	\$5,688(2)

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended based on the average of the high and low sales price of the common shares on the New York Stock Exchange on March 18, 2002.

(2) Includes \$5,688 previously paid with the Registration Statement filed on June 26, 1998.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

**Table of Contents**

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is declared effective. This preliminary prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated March 22, 2002

# Ramco-Gershenson Properties Trust

## 3,000,000 Shares

### Common Shares of Beneficial Interest

This is a public offering of 3,000,000 common shares of beneficial interest of Ramco-Gershenson Properties Trust.

Our common shares are listed on The New York Stock Exchange under the symbol RPT. On March 21, 2002, the last reported sale price of our common shares was \$18.10.

**Investing in the common shares involves risk. See Risk Factors beginning on page 8.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$ .	\$
Underwriting discounts and commissions	\$ .	\$
Proceeds, before expenses, to Ramco-Gershenson Properties Trust	\$ .	\$

We have granted the underwriters the right to purchase up to 450,000 additional common shares to cover over-allotments.

## Deutsche Banc Alex. Brown

**McDonald Investments Inc.**

**Robertson Stephens**

The date of this prospectus is , 2002

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**TABLE OF CONTENTS**

WHERE YOU CAN GET MORE INFORMATION

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

FORWARD-LOOKING STATEMENTS

SUMMARY

RISK FACTORS

USE OF PROCEEDS

CAPITALIZATION

COMMON SHARE PRICE AND DIVIDEND PERFORMANCE

DESCRIPTION OF THE COMPANY

ORGANIZATIONAL STRUCTURE

SELECTED FINANCIAL DATA

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INDEBTEDNESS OUTSTANDING AFTER THIS OFFERING

AFFILIATED TRANSACTIONS

MANAGEMENT

RESTRICTIONS ON OWNERSHIP AND TRANSFER OF SHARES

FEDERAL INCOME TAX CONSIDERATIONS

UNDERWRITING

LEGAL MATTERS

EXPERTS

FINANCIAL INFORMATION

INDEPENDENT AUDITORS' REPORT

CONSOLIDATED BALANCE SHEETS December 31, 2001 and 2000

CONSOLIDATED STATEMENTS OF INCOME Years Ended December 31, 2001, 2000 and 1999

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE

INCOME Years Ended December 31, 2001, 2000 and 1999

CONSOLIDATED STATEMENTS OF CASH FLOWS Years Ended December 31, 2001, 2000 and 1999

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

TABLE OF CONTENTS

PART II INFORMATION NOT REQUIRED IN PROSPECTUS

SIGNATURES

EXHIBIT INDEX

Amendment #1 to Form S-3

Opinion of Ballard Spahr Andrews and Ingersoll LLP

Opinion of Honigman Miller Schwartz & Cohn LLP

Stock Redemption Agreement

Consent and Report on Schedule from Deloitte

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**Table of Contents**

You should rely only on the information contained or incorporated by reference in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different or additional information. This prospectus is not an offer to sell nor is it seeking an offer to buy the common shares in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus and the documents incorporated by reference are accurate only as of their respective dates, regardless of the time of delivery of this prospectus or any sale of our common shares.

**WHERE YOU CAN GET MORE INFORMATION**

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission, also known as the SEC. You can receive copies of these reports, proxy and information statements and other information, at prescribed rates, from the SEC by addressing written requests to the SEC's Public Reference Room at 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549. In addition, you can read and copy our reports, proxy and information statements, and any other information or materials we file with the SEC at the public reference facilities and at the regional offices of the SEC, in Washington, D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. The SEC also maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers, such as us, that file electronically with the SEC. The address of the SEC's Web site is <http://www.sec.gov>.

We have filed with the SEC a registration statement on Form S-3 to register the common shares that we are offering in this prospectus. This prospectus is part of the registration statement and does not include all of the information contained in the registration statement. For further information about us and the common shares offered, you should review the registration statement. You can inspect or copy the registration statement, at prescribed rates, at the SEC's public reference facilities at the addresses listed above.

Statements contained in this prospectus concerning the provisions of documents are necessarily summaries of those documents and when any of those documents is an exhibit to the registration statement, each such statement is qualified in its entirety by reference to the copy of the document filed with the SEC.

**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The SEC allows us to incorporate by reference the information and reports we file with it, which means that we can disclose important information to you by referring you to those documents. The information we incorporate in this prospectus by reference is an important part of this prospectus, and some of the information that we file after the date of this prospectus with the SEC will be incorporated automatically in this prospectus and update and supercede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, until we sell all of the common shares offered by this prospectus.

our annual report on Form 10-K for the year ended December 31, 2001 (except for Item 8), and

the description of our common shares contained in our registration statement on Form 8-A filed with the SEC on November 1, 1988 (which incorporates by reference pages 101-119 of our prospectus/proxy statement filed with the SEC on November 1, 1988), as updated by the description of our common shares contained in our definitive proxy statement on Schedule 14A for our special meeting of shareholders held on December 18, 1997.

**Table of Contents**

**We will provide, without charge, at the written or oral request of anyone to whom this prospectus is delivered, copies of the documents incorporated by reference in this prospectus other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing. Written requests should be directed to Ramco-Gershenson Properties Trust, 27600 Northwestern Highway, Suite 200, Southfield, Michigan 48034, Attention: Dawn Garcia-Hendershot. Telephone requests may be directed to (248) 728-1526.**

**FORWARD-LOOKING STATEMENTS**

Some of the statements in this prospectus are forward-looking statements. These forward-looking statements include statements relating to our performance in the Management's Discussion and Analysis of Financial Condition and Results of Operations, Use of Proceeds and Description of the Company sections of this prospectus. In addition, we may make forward-looking statements in future filings with the SEC and in written materials, press releases and oral statements issued by us or on our behalf. Forward-looking statements include statements regarding the intent, belief or current expectations of us or our officers, including statements preceded by, followed by or including forward-looking terminology such as may, will, should, believe, expect, anticipate, estimate, continue, predict or similar expressions, with respect to such matters.

It is important to note that our actual results could differ materially from those anticipated from the forward-looking statements depending on various important factors, which include those factors discussed under Risk Factors, beginning on page 8, and the following:

our success or failure in implementing our business strategy,

economic conditions generally and in the commercial real estate and finance markets specifically,

our cost of capital, which depends in part on our asset quality, our relationships with lenders and other capital providers, our business prospects and outlook and general market conditions, and

changes in governmental regulations, tax rates and similar matters.

You should read this prospectus, as well as the documents incorporated by reference in them, including our financial statements and the notes to financial statements, before deciding whether to invest in our common shares.

All forward-looking statements in this prospectus are based on information available to us on the date of this prospectus. We do not undertake to update any forward-looking statements that may be made by us or on our behalf in this prospectus or otherwise.

**Table of Contents**

**SUMMARY**

*This summary highlights selected information contained in greater detail elsewhere in this prospectus. This summary is not complete and does not contain all of the information you should consider before investing in our common shares. You should read this entire prospectus and the documents incorporated by reference carefully. Throughout this prospectus we refer to Ramco-Gershenson Properties Trust, a Maryland real estate investment trust, and its subsidiaries, including Ramco-Gershenson Properties, L.P. and Ramco-Gershenson, Inc., and their predecessors, as we, our and us, unless otherwise noted.*

**Our Business**

We are a fully integrated, self-administered and self-managed real estate investment trust, also known as a REIT, that develops, acquires, manages and owns community shopping centers in the midwestern, southeastern and mid-Atlantic regions of the United States. As of December 31, 2001, we had a portfolio of 57 shopping centers totaling approximately 11.4 million square feet of gross leaseable area located in 12 states. Our properties consist of 56 community shopping centers, nine of which are power centers and three of which are single tenant facilities. We also own one enclosed regional mall. Our shopping centers are located in convenient and easily-accessible locations with abundant parking which are close to residential communities and offer excellent visibility for our tenants and easy access for shoppers.

For approximately half a century, Ramco-Gershenson, Inc. and its predecessor developed and owned shopping centers throughout the United States. Over that time, we developed or acquired over 60 shopping centers with a total of over 16.5 million square feet.

In May 1996, RPS Realty Trust acquired through a reverse merger substantially all the shopping centers and retail properties as well as the management company and business operations of Ramco-Gershenson, Inc. and certain of its affiliates. The resulting trust changed its name to Ramco-Gershenson Properties Trust.

**Competitive Strengths**

Based on our long history in the shopping center industry, the caliber of our management team and the quality of our assets, we feel that we are uniquely positioned to capitalize on opportunities in the real estate market as they present themselves.

*Community Shopping Center Focus*

We are predominantly a community shopping center company with a focus on acquiring, developing and managing centers primarily anchored by grocery stores and nationally-recognized discount department stores. It is our belief that centers with a grocery and/or discount component attract consumers seeking value-priced products. Since these products are required to satisfy everyday needs, customers usually visit the centers on a weekly basis.

*Markets In Which We Operate*

Our shopping centers are primarily located in major metropolitan areas in the midwestern and southeastern regions of the United States. Within specific markets, we seek a convenient and easily accessible location with abundant parking facilities, close to residential communities, with excellent visibility for our tenants and easy access for shoppers. In both of these regions we have concentrated a number of centers in reasonable proximity to each other in order to achieve market penetration as well as efficiencies in management, oversight and purchasing.



**Table of Contents**

*Proactive Asset Management*

We use our asset management personnel to perform a variety of functions, including playing a major role in creating and assessing leasing, redevelopment, acquisition and development opportunities. Our proactive approach to leasing has allowed us to consistently maintain a high occupancy rate, ranging between 93.0% and 95.5% during each of the last five years. Our asset management team also helps to ensure that our centers remain competitive in their respective trade areas. In addition, when considering an acquisition, we use our experience and tenant contacts to look for value-added opportunities. We maintain strong relationships with national and regional anchor tenants, allowing us to assess their interest in our prospective developments.

*Experienced Management Team*

Our management team has an average of approximately 27 years of experience in the real estate industry, including acquisition, development, financing, leasing and asset management experience. Our 45-year history as a shopping center developer provides us with the ability to discover attractive investment opportunities. Our management and trustees currently own 19.9% of our company (assuming the conversion into our common shares of all of our outstanding preferred shares and all of the outstanding units in our operating partnership but excluding our outstanding stock options), which aligns management's interests with that of our shareholders.

**Business Strategy**

Our goal is to maximize total return for our shareholders by improving operating income and enhancing asset value. We pursue our goal through:

An aggressive approach to repositioning, renovating and expanding our shopping centers. Since 1996, we have completed the repositioning of 21 shopping centers, producing a weighted average return on incremental invested capital of 14.6%.

The acquisition of community shopping centers in the midwestern, southeastern and mid-Atlantic regions of the United States with a focus on grocery and nationally-recognized discount department store anchor tenants.

The development of new shopping centers in emerging areas in metropolitan markets in which we currently operate and where we believe demand for a center exists.

A proactive approach to leasing unoccupied spaces and occupied spaces where leases are about to expire.

**Table of Contents****Geographic Diversification**

The following table sets forth the distribution by region and by state of our gross leaseable area and annualized base rent as of December 31, 2001.

Region/State	Number of Properties	Company Owned Gross Leaseable Area		Annualized Base Rent(2)	
		Total Sq. Ft.(1)	% of Total Portfolio	Total	% of Total Portfolio
<b>Midwestern</b>					
Michigan	22	4,093,003	41.8	\$30,310,224	43.6
Ohio	4	786,696	8.0	6,621,321	9.5
Wisconsin	2	538,413	5.5	3,963,058	5.7
Subtotal Midwestern	28	5,418,112	55.4	40,894,604	58.8
<b>Southeastern</b>					
Florida	10	1,197,579	12.2	7,712,971	11.1
Tennessee	6	806,590	8.2	4,515,575	6.5
Georgia	4	547,331	5.6	3,213,370	4.6
North Carolina	3	544,627	5.6	3,194,857	4.6
South Carolina	2	433,588	4.4	2,561,631	3.7
Alabama	1	126,701	1.3	787,937	1.1
Subtotal Southeastern	26	3,656,416	37.4	21,986,342	31.6
<b>Mid-Atlantic</b>					
New Jersey	1	224,138	2.3	2,716,554	3.9
Virginia	1	240,042	2.5	2,556,412	3.7
Maryland	1	250,016	2.6	1,416,244	2.0
Subtotal Mid-Atlantic	3	714,196	7.3	6,689,211	9.6
<b>Total</b>	<b>57</b>	<b>9,788,724</b>	<b>100.0</b>	<b>\$69,570,157</b>	<b>100.0</b>

(1) Represents (a) gross leaseable area with respect to our shopping centers and (b) rentable square feet with respect to our single-tenant properties.

(2) We calculate annualized base rent for all leases in place on December 1, 2001 by multiplying total base rent for December 2001 by 12.

**Occupancy**

The following table sets forth the occupancy rates by category of our properties for 2000 and 2001. Our overall occupancy rates for 2000 and 2001 were 93.7% and 95.5%, respectively.

	2000	2001
Community Centers	94.2%	95.6%
Enclosed Regional Mall	89.9	94.0

**Year End Results**

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Our diluted funds from operations for the twelve months ended December 31, 2001 were \$31.6 million, up from \$30.1 million for the twelve months ended December 31, 2000, representing a 4.9% increase. Our total revenues for the twelve months ended December 31, 2001 increased 2.8%, or \$2.4 million, to \$91.0 million, from \$88.5 million for the twelve months ended December 31, 2000.

During 2001, we acquired two new shopping centers through joint ventures in which we have a 40% interest for an aggregate purchase price of approximately \$27 million, and we sold two shopping centers and four outparcels for approximately \$29 million. We also completed

**Table of Contents**

three redevelopment projects, commenced expansion of two shopping centers and announced the de-malling and expansion of one of our shopping centers.

**Recent Developments**

Two of our tenants, Kmart Corporation and Jacobson Stores Inc., filed for Chapter 11 bankruptcy protection during January 2002. Jacobson is an anchor tenant at one of our shopping centers, with a total annualized base rent at December 31, 2001 of approximately \$158,000. Kmart is our second largest tenant (based on the percentage of our total annualized base rent) and leases ten locations with a total annualized base rent at December 31, 2001 of approximately \$4,242,000. Builders Square is the lessee of two of these ten locations under leases guaranteed by Kmart. Kmart has rejected the lease guarantee for one of these locations, which is presently vacant. The other Builders Square location has been subleased to two subtenants. The eight other Kmart leases are located in major metropolitan markets. On March 8, 2002, Kmart announced its intention to close 284 stores, including three stores leased from us. Kmart will continue to be obligated under the leases for these stores unless it rejects the leases as part of its bankruptcy proceedings.

On March 14, 2002, we entered into an agreement to redeem 1,200,000 of our series A preferred shares upon consummation of a public offering of our common shares on or before September 26, 2002. We may also elect to redeem the shares before that date if we secure alternative financing of the redemption price. We issued these series A preferred shares beginning in September 1997 for a price of \$25.00 per share. The redemption price for the shares depends on the public offering price of the common shares sold in this offering, but the redemption price will not be less than \$22.14 per series A preferred share, or approximately \$26.6 million in the aggregate. If the public offering price of the common shares sold in this offering is \$18.10, which was the last sale price for our common shares reported on the New York Stock Exchange for March 21, 2002, the redemption price for the series A preferred shares would be \$23.00 per share, or \$27.6 million in the aggregate. The holder of the remaining 200,000 of our outstanding series A preferred shares has elected not to have us redeem its shares, and these series A preferred shares will automatically convert into 286,537 common shares upon the consummation of this offering.

We have recently decided to exercise our option to purchase the equity of our joint venture partner in RPT/Invest L.L.C., which owns the Rivertowne Square and Chester Springs shopping centers upon the completion of this offering. Pursuant to the terms of the limited liability company agreement for this joint venture, we have the option to purchase these shopping centers within 36 months of their original acquisition for a purchase price which is sufficient to provide the joint venture with a 20% internal rate of return compounded annually, after payment of all expenses, on the capital invested by the joint venture in the shopping centers. Assuming that we exercise the option to purchase the equity of our joint venture partner in RPT/Invest L.L.C. on April 30, 2002, we estimate that the purchase price would be approximately \$9.1 million.

**Table of Contents**

**The Offering**

Common Shares Offered by Us	3,000,000 shares
Common Shares to be Outstanding after the Offering	10,378,063 shares (10,828,063 shares if the underwriters exercise their overallotment option in full)
Use of Proceeds	We estimate that our net proceeds from this offering will be approximately \$49,800,000. We intend to use these proceeds to redeem 1,200,000 of our series A preferred shares, to purchase the equity of our joint venture partner in two projects and to pay down outstanding balances under our credit facility.
New York Stock Exchange Symbol	RPT
Public Offering Price	\$ . per share
Current Quarterly Dividends per Share	\$0.42 per share

The number of common shares outstanding after the offering is based on the number of common shares outstanding as of December 31, 2001. This number does not include shares reserved for issuance upon the exercise of outstanding options, the conversion of preferred shares and the exchange of units in our operating partnership, as detailed in "Capitalization" on page 17.

Unless otherwise indicated, all information contained in this prospectus assumes no exercise of the underwriters' over-allotment option.

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**Corporate Information**

Our executive offices are located at 27600 Northwestern Highway, Suite 200, Southfield, Michigan 48034. Our telephone number is (248) 350-9900.

**Table of Contents****Summary Financial Data**

The following summary financial data as of December 31, 1997, 1998, 1999, 2000 and 2001, and for each of the years in the five-year period ended December 31, 2001 have been derived from our audited financial statements, some of which appear elsewhere in this prospectus together with the report of Deloitte & Touche LLP, independent auditors. This summary financial data might not be a good indicator of our results for 2002. You should read the summary financial data together with our financial statements and the notes to our financial statements and with Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

	Year Ended or At December 31,				
	1997	1998	1999	2000	2001
<b>Operating Data (in thousands, except per share amounts):</b>					
Total revenue	\$ 59,244	\$ 76,755	\$ 84,299	\$ 88,532	\$ 90,973
Operating income	12,856	12,413	15,984	13,969	13,303
Gain on sale of real estate			974	3,795	5,550
Net income before cumulative effect of change in accounting principle	9,198	8,658	11,839	13,020	13,863
Cumulative effect of change in accounting principle(1)				(1,264)	
Net income	9,198	8,658	11,839	11,756	13,863
Preferred share dividends	278	1,614	3,407	3,360	3,360
Net income available to common shareholders	8,920	7,044	8,432	8,396	10,503
<b>Per Common Share Data:</b>					
Earning per share after cumulative effect of change in accounting principle:					
Basic	\$ 1.25	\$ 0.99	\$ 1.17	\$ 1.17	\$ 1.48
Diluted	1.25	0.98	1.17	1.17	1.47
Distributions to shareholders	\$ 11,967	\$ 11,970	\$ 12,126	\$ 12,091	\$ 11,942
Weighted average basic shares outstanding	7,123	7,133	7,218	7,186	7,105
Weighted average diluted shares outstanding	7,148	7,165	7,218	7,187	7,125
<b>Balance Sheet Data:</b>					
Cash and cash equivalents	\$ 5,033	\$ 4,550	\$ 5,744	\$ 2,939	\$ 5,542
Accounts receivable net	6,035	9,864	12,791	15,954	17,627
Investment in real estate (before accumulated depreciation)	473,213	535,980	542,955	557,995	557,349
Total assets	484,682	544,404	550,506	560,284	552,729
Mortgages and notes payable	295,618	328,248	337,552	354,008	347,275
Total liabilities	314,436	348,727	358,662	374,439	371,167
Minority interest	42,282	48,535	48,396	47,301	48,157
Shareholders equity	127,964	147,142	143,448	138,544	133,405

**Table of Contents**

## Year Ended or At December 31,

	1997	1998	1999	2000	2001
<b>Other Data:</b>					
Funds from operations diluted(2)	\$ 20,778	\$ 24,330	\$ 28,868	\$ 30,126	\$ 31,607
Funds available for distribution(3)	17,342	21,226	25,245	24,985	28,572
Cash provided by operating activities	17,026	16,794	23,954	17,126	24,556
Cash provided by (used in) investing activities	(153,183)	(38,280)	(10,703)	(12,779)	5,774
Cash (used in) provided by financing activities	137,649	21,003	(12,057)	(7,152)	(27,727)
Number of properties	50	54	54	56	57
Company owned GLA (in thousands)	8,372	9,029	9,213	10,043	9,789
Occupancy rate	93.6%	93.1%	93.0%	93.7%	95.5%

- (1) In 2000, we changed our method of accounting for percentage rental revenue in accordance with SEC Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements. See Note 12 in the accompanying financial statements.
- (2) We generally consider funds from operations, also known as FFO, an appropriate supplemental measure of our financial performance because it is predicated on cash flow analyses. We have adopted the most recent National Association of Real Estate Investment Trusts definition of FFO, which was amended effective January 1, 2000. Under that definition, FFO represents income before minority interest, excluding extraordinary items, as defined under accounting principles generally accepted in the United States of America, gains on sales of depreciable property, plus real estate related depreciation and amortization (excluding amortization of financing costs), and after adjustments for unconsolidated partnerships and joint ventures. Our computation of FFO may, however, differ from the methodology for calculating FFO utilized by other real estate companies, and therefore, may not be comparable to these other real estate companies. FFO does not represent cash generated from operating activities in accordance with accounting principles generally accepted in the United States of America and should not be considered an alternative to net income as an indication of our performance or to cash flows from operating activities as a measure of liquidity or our ability to pay distributions. Furthermore, while net income and cash generated from operating, investing and financing activities, determined in accordance with accounting principles generally accepted in the United States of America, consider capital expenditures which have been and will be incurred in the future, the calculation of FFO does not.
- (3) We define funds available for distribution as funds from operations diluted, as defined above, less straight line rent and non-recoverable recurring capital expenditures, plus amortization of management contracts. Our computation of funds available for distribution may, however, differ from the methodology for calculating funds available for distribution utilized by other real estate companies, and therefore, may not be comparable to these other real estate companies. Funds available for distribution should not be considered an alternative to net income as an indication of our performance or to cash flows as a measure of liquidity or our ability to pay distributions. Furthermore, while net income and cash generated from operating, investing and financing activities, determined in accordance with accounting principles generally accepted in the United States of America consider capital expenditures which have been and will be incurred in the future, the calculation of funds available for distribution does not.

**Table of Contents**

**RISK FACTORS**

*Investing in our common shares involves risk. You should carefully consider the specific factors listed below, together with the cautionary statements under the caption *Forward Looking Statements* and the other information included in this prospectus and the documents incorporated by reference, before purchasing our common shares. The risks described below are not the only ones that we face. Additional risks that are not yet known to us or that we currently think are immaterial could also impair our business, operating results or financial condition. If any of the following risks actually occur, our business, financial condition or results of operations could be adversely affected. In that case, the trading price of our common shares could decline, and you may lose all or part of your investment.*

**RISKS RELATED TO OUR BUSINESS**

**Adverse market conditions may impede our ability to collect lease payments, which could adversely affect our business and operating results.**

The economic performance and value of our 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. Our current properties are located in 12 states in the midwestern, southeastern and mid-Atlantic regions of the United States. The economic condition of each of our markets may be dependent on one or more industries. An economic downturn in one of these industries may result in a business downturn for our 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.

Any tenant bankruptcies, leasing delays, or failure to make rental payments when due could result in the termination of the tenant's lease, causing material losses to us and adversely impacting our operating results. If our properties do not generate sufficient income to meet our operating expenses, including future debt service, our income and results of operations would be adversely affected. During 2001, seven of our tenants filed for bankruptcy protection, representing a total of 15 locations. These tenants represented approximately 1.7% of our annualized base rental income at December 31, 2001. During January 2002, two more of our tenants filed for bankruptcy protection, including Kmart Corporation, which represented approximately 6.1% of our annualized base rental income at December 31, 2001.

In particular, if any of our anchor tenants becomes insolvent, suffers a downturn in business, or decides not to renew its lease or vacates a property and prevents us from re-letting that property by continuing to pay rent for the balance of the term, it may adversely impact our business. In addition, a lease termination by an anchor tenant or a failure of an anchor tenant to occupy the premises could result in lease terminations or reductions in rent by some of our non-anchor tenants in the same shopping center pursuant to the terms of their leases. In that event, we may be unable to re-let the vacated space.

Similarly, the leases of some anchor tenants may permit them to transfer their leases to other retailers. The transfer to a new anchor tenant could cause customer traffic in the retail center to decrease which would reduce the income generated by that retail center. In addition, a transfer of a lease to a new anchor tenant could also give other tenants the right to make reduced rental payments or to terminate their leases with us.

**We may be unable to collect balances due from any tenants in bankruptcy, which would adversely affect our operating results.**

Any bankruptcy filings by or relating to one of our tenants or a lease guarantor would bar all efforts by us to collect pre-bankruptcy debts from that tenant, the lease guarantor or their property, unless we receive an order permitting us to do so from the bankruptcy court. The



**Table of Contents**

bankruptcy of a tenant or lease guarantor could delay our efforts to collect past due balances under the relevant leases and could ultimately preclude full collection of these sums. If a lease is assumed by the tenant in bankruptcy, all pre-bankruptcy balances due under the lease must be paid to us in full. However, if a lease is rejected by a tenant in bankruptcy, we would have only a general unsecured claim for damages. Any unsecured claim we hold may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims. It is possible that we may recover substantially less than the full value of any unsecured claims we hold, if at all, which may adversely affect our operating results and financial condition.

Although five of our seven tenants who declared bankruptcy in 2001 have made full and timely payments of rent to us following their bankruptcy filings, six of these seven tenants owed us a combined total of approximately \$167,000, as of February 28, 2002, in unpaid rent relating to the period prior to their bankruptcy filings. Our two tenants who declared bankruptcy in January 2002, Kmart Corporation and Jacobson Stores, Inc., owed us approximately \$684,000 and \$96,000, respectively, as of February 28, 2002, in unpaid rent relating to the period prior to their bankruptcy filings, including approximately \$171,000 relating to a lease which has been rejected by Kmart. If leases are rejected, we may not be able to collect the related unpaid amounts. In addition, we cannot assure you that these tenants will continue to pay us rent.

**Several of our tenants represent a significant portion of our leasing revenues.**

As of December 31, 2001, we received 8.7% of our annualized base rent from Wal-Mart Stores Inc. and 6.1% from Kmart Corporation. Five other tenants each represented at least 2.0% of our total annualized base rent. The concentration in our leasing revenues from a small number of tenants creates the risk that, should these tenants experience financial difficulties, our operating results could be adversely affected.

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

We compete with many other entities for the acquisition of retail shopping centers and land that is appropriate for new developments, including other REITs, institutional pension funds and other owner-operators of shopping centers. These competitors may increase the price we pay to acquire properties or may succeed in acquiring those properties themselves. In addition, the sellers of properties we wish to acquire may find our competitors to be more attractive buyers because they may have greater resources, may be willing to pay more, or may have a more compatible operating philosophy. In particular, larger REITs may enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies. In addition, the number of entities and the amount of funds competing for suitable properties may increase. This would increase demand for these properties and therefore increase the prices paid for them. If we pay higher prices for properties or are unable to acquire suitable properties at reasonable prices, our financial condition and operating results may be adversely affected.

**We may not be successful in identifying or completing suitable acquisitions and new developments that meet our criteria, which may affect our financial results and impede our growth.**

Integral to our business strategy is our ability to continue to acquire and develop properties. We may not be successful in identifying suitable real estate properties that meet our acquisition criteria and are compatible with our growth strategy or in consummating acquisitions or investments on satisfactory terms. We also may not be successful in identifying suitable areas for new development, negotiating for the acquisition of the land, obtaining required permits and

**Table of Contents**

authorizations, completing developments in accordance with our budgets and on a timely basis or leasing any newly-developed space. If we fail to identify or complete suitable acquisitions or developments within our budget, our financial condition and results of operations could be adversely affected and our growth could slow, which in turn could adversely impact our share price.

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

A key component of our business strategy is exploring redevelopment opportunities at existing properties within our portfolio and in connection with property acquisitions. To the extent that we engage in these redevelopment activities, they will be subject to the risks normally associated with these projects, including, among others, cost overruns and timing delays as a result of the lack of availability of materials and labor, weather conditions and other factors outside of our control. Any substantial unanticipated delays or expenses could adversely affect the investment returns from these redevelopment projects and adversely impact our operating results.

**Competition may affect our ability to renew leases or re-let space on favorable terms and may require us to make unplanned capital improvements.**

We face competition from similar retail centers within the trade areas in which our centers operate to renew leases or re-let space as leases expire. Some of these competing properties may be newer, better located or better tenanted than our properties. In addition, any new competitive properties that are developed within the trade areas in which we operate may result in increased competition for customer traffic and creditworthy tenants. We may not be able to renew leases or obtain new tenants to whom space may be re-let as leases expire, and the terms of renewals or new leases (including the cost of required renovations or concessions to tenants) may be less favorable to us than current lease terms. Increased competition for tenants may require us to make capital improvements to properties which we would not have otherwise planned to make. In addition, we face competition from alternate forms of retailing, including home shopping networks, mail order catalogues and on-line based shopping services, which may limit the number of retail tenants that desire to seek space in shopping center properties generally. If we are unable to re-let substantial amounts of vacant space promptly, if the rental rates upon a renewal or new lease are significantly lower than expected, or if reserves for costs of re-letting prove inadequate, then our earnings and cash flow will decrease.

**We may be restricted from re-letting space based on existing exclusivity lease provisions with some of our tenants.**

In many cases, our leases contain provisions giving the tenant the exclusive right to sell clearly identified types of merchandise or provide specific types of services within the particular retail center or limit the ability of other tenants to sell that merchandise or provide those services. When releasing space after a vacancy, these provisions may limit the number and types of prospective tenants suitable for the vacant space. If we are unable to re-let space on satisfactory terms, our operating results would be adversely impacted.

**Rising operating expenses could adversely affect our operating results.**

Our current properties and any properties we acquire in the future are and will be subject to risks associated with rising operating expenses, any or all of which may negatively affect us. If any property is not fully occupied or if rents being paid are not sufficient to cover operating expenses, then we could be required to expend funds for that property's operating expenses. Our properties are subject to increases in real estate and other tax rates, utility costs, insurance costs, repairs and maintenance and administrative expenses.

## **Table of Contents**

While most of our leases require that tenants pay all or a portion of the applicable real estate taxes, insurance and operating and maintenance costs, renewals of leases or future leases may not be negotiated on these terms, in which event we will have to pay those costs. If we are unable to lease properties on a basis requiring the tenants to pay all or some of these costs, or if tenants fail to pay required tax, insurance, utility and other expenses, we could be required to pay those costs, which could adversely affect our operating results.

### **The illiquidity of our real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties, which could adversely impact our financial condition.**

Because real estate investments are relatively illiquid, our ability to promptly sell one or more properties in our portfolio in response to changing economic, financial and investment conditions is limited. The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond our control. We cannot predict whether we will be able to sell any property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to complete the sale of a property. We may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure you that we will have funds available to correct those defects or to make those improvements. These factors and any others that would impede our ability to respond to adverse changes in the performance of our properties could significantly adversely affect our financial condition and operating results.

### **If we suffer losses that are not covered by insurance or that are in excess of our insurance coverage limits, we could lose invested capital and anticipated profits.**

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

## **RISKS RELATED TO OUR DEBT OBLIGATIONS**

### **We have substantial debt obligations, including variable rate debt, which may impede our operating performance and put us at a competitive disadvantage.**

Required repayments of debt and related interest can adversely affect our operating performance. Upon completion of this offering, the application of the estimated net proceeds (assuming an offering price of \$18.10 per share) and the consummation of the transactions described under Use of Proceeds, we expect to have approximately \$356.2 million of outstanding indebtedness. Approximately \$85.9 million of this debt will bear interest at a variable rate, and we have the ability to borrow an additional \$20.8 million under our existing secured credit facility. Increases in interest rates on our existing indebtedness would increase our interest expense, which could adversely affect our cash flow and our ability to pay dividends. For example, if market rates of interest on our variable rate debt outstanding as of December 31, 2001 increased by 100 basis points, the increase in interest expense on our existing variable rate debt would decrease future earnings and cash flows by approximately \$768,000 annually.

**Table of Contents**

The amount of our debt may adversely affect our business and operating results by:

requiring us to use a substantial portion of our funds from operations to pay interest, which reduces the amount available for dividends,

placing us at a competitive disadvantage compared to our competitors that have less debt,

making us more vulnerable to economic and industry downturns and reducing our flexibility to respond to changing business and economic conditions, and

limiting our ability to borrow more money for operations, capital or to finance acquisitions in the future.

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

**Because we must annually distribute a substantial portion of our income to maintain our REIT status, we will continue to need additional debt and/or equity capital to grow.**

In general, we must annually distribute at least 90% of our taxable net income to our shareholders to maintain our REIT status. As a result, those earnings will not be available to fund acquisition, development or redevelopment activities. We have historically funded acquisition, development and redevelopment activities by:

borrowing from financial institutions,

retaining cash flow that we are not required to distribute to maintain our REIT status,

selling assets that we do not believe present the potential for significant future growth or that are no longer compatible with our business plan,

selling preferred shares, and

entering into joint venture transactions with third parties.

We expect to continue to fund our acquisition, development and redevelopment activities in this way. Our failure to obtain funds from these sources could limit our ability to grow, which could have a material adverse effect on the value of our common shares.

**Our financial covenants may restrict our operating or acquisition activities, which may adversely impact our financial condition and operating results.**

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

In particular, our outstanding credit facility contains customary restrictions, requirements and other limitations on our ability to incur indebtedness, including limitations on total liabilities to assets and minimum debt service coverage and tangible net worth ratios. Our ability to borrow under our credit facility is subject to compliance with these financial and other

## **Table of Contents**

covenants. We rely in part on borrowings under our credit facility to finance acquisition, development and redevelopment activities and for working capital. If we are unable to borrow under our credit facility or to refinance existing indebtedness, our financial condition and results of operations would likely be adversely impacted.

### **Mortgage debt obligations expose us to increased risk of loss of property, which could adversely affect our financial condition.**

Incurring mortgage debt increases our risk of loss because defaults on indebtedness secured by properties may result in foreclosure actions by lenders and ultimately our loss of the related property. We have entered into mortgage loans which are secured by multiple properties and contain cross collateralization and cross default provisions. Cross collateralization provisions allow a lender to foreclose on multiple properties in the event that we default under the loan. Cross default provisions allow a lender to foreclose on the related property in the event a default is declared under another loan. For federal income tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure but would not receive any cash proceeds.

## **TAX RISKS**

For purposes of this section, we, our and us refer to Ramco-Gershenson Properties Trust, a Maryland real estate investment trust, including its predecessor, Ramco-Gershenson Properties Trust (formerly known as RPS Realty Trust), a Massachusetts business trust, but excluding all of its subsidiaries and affiliated entities.

### **We are involved in various tax disputes with the Internal Revenue Service and may not be able to resolve these disputes on satisfactory terms.**

We are involved in a dispute with the Internal Revenue Service, also known as the IRS, that relates to its examination of our taxable years ended December 31, 1991 through 1995. During the third quarter of 1994, we held more than 25% of the value of our total assets in short-term Treasury Bill reverse repurchase agreements, which could be viewed as non-qualifying assets for purposes of determining whether we qualified to be taxed as a REIT. We requested that the IRS enter into a closing agreement with us that our ownership of the short-term Treasury Bill reverse repurchase agreements would not adversely affect our status as a REIT. The IRS deferred any action relating to this issue pending the further examination of our taxable years ended December 31, 1991 through 1994. As discussed below, the IRS has proposed to disqualify us as a REIT for our taxable year ended December 31, 1994 based on our ownership of the short-term Treasury Bill reverse repurchase agreements.

If we were to fail to qualify as a REIT for any taxable year, we would be subject to federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates for such year, and distributions to shareholders would not be deductible by us in computing our taxable income. Any such corporate tax liability could be substantial and, unless we were indemnified against such tax liability, would reduce the amount of cash we have available for distribution to our shareholders, which in turn could have a material adverse impact on the value of, and trading prices for, our common shares. In addition, we would not be able to re-elect REIT status until the fifth taxable year following the initial year of disqualification unless we were to qualify for relief under applicable Internal Revenue Code provisions. See Federal Income Tax Considerations beginning on page 61 of this prospectus for a discussion of the material federal income tax consequences relating to us and our common shares.

**Table of Contents**

In May 1996, we acquired substantially all of the shopping center and retail properties, as well as the management organization and business operations, of Ramco-Gershenson, Inc. and certain of its affiliates. At that time, we contributed seven mortgage loans, three real estate properties and other assets to Atlantic Realty Trust, a newly formed REIT (referred to in this section as Atlantic ), and distributed all of the stock of Atlantic to our shareholders. In connection with the organization of Atlantic and distribution of all of its stock, we entered into a tax agreement with Atlantic under which Atlantic assumed all tax liability arising out of the IRS then ongoing examination, excluding any tax liability relating to any actions or events occurring, or any tax return position taken, after May 10, 1996, but including liabilities for interest, penalties, additions to tax and costs relating to covered taxes. In addition, the tax agreement provides that, to the extent any taxes covered by the tax agreement can be avoided through the declaration of a deficiency dividend (that is, our declaration and payment of a current distribution that is permitted to relate back to the year for which the IRS determines a deficiency in order to satisfy the requirement for REIT qualification that we distribute a certain minimum percentage of our taxable income for such year), we will make, and Atlantic will reimburse us for the amount of, such deficiency dividend.

In addition to examining our taxable years ended December 31, 1991 through 1994, the IRS has examined our taxable year ended December 31, 1995. Based on these examinations, the IRS has not only proposed to disqualify us as a REIT for our taxable year ended December 31, 1994 based on our ownership of the short-term Treasury Bill reverse repurchase agreements, as noted above, but has also proposed to adjust (increase) our REIT taxable income for the taxable years ended December 31, 1991, 1992, 1993 and 1995. If sustained, the adjustments proposed by the IRS to our REIT taxable income would in and of themselves disqualify us as a REIT for at least some of these years unless we were to pay a deficiency dividend for each of the taxable years for which we would otherwise be disqualified as a REIT as a result of having failed to distribute a sufficient amount of our taxable income. We are continuing to dispute these issues with the IRS through an administrative appeals procedure. In addition, the IRS is currently conducting an examination of our taxable years ended December 31, 1996 and 1997, and of one of our subsidiary partnerships for the taxable years ended December 31, 1997 and 1998.

Based on the second of two examination reports issued by the IRS, we could be liable for up to approximately \$54.1 million in combined taxes, penalties and interest through March 31, 2002, for our taxable years ended December 31, 1991 through 1995. However, the second examination report acknowledges (as does the first examination report) that we can avoid disqualification as a REIT for our examined tax years other than for the tax year ended December 31, 1994 if we distribute a deficiency dividend to our shareholders. The distribution of a deficiency dividend would be deductible by us, thereby reducing our liability for federal income tax. Based on the second examination report, the proposed adjustments to our REIT taxable income would require us to pay a deficiency dividend to our current shareholders resulting in combined taxes, penalties, interest and deficiency dividends for our taxable years ended December 31, 1991 through 1995 of approximately \$56.3 million as of March 31, 2002.

If the IRS successfully challenges our status as a REIT for any taxable year, we would not be able to re-elect REIT status until the fifth taxable year following the initial year of disqualification (unless we were to qualify for relief under applicable Internal Revenue Code provisions). Thus, for example, if the IRS successfully challenges our status as a REIT solely for our taxable year ended December 31, 1994 based on our ownership of the short-term Treasury Bill reverse repurchase agreements, we would not be able to re-elect REIT status until our taxable year which began January 1, 1999, unless we were to qualify for relief.

In the notes to the consolidated financial statements made part of Atlantic's quarterly report on Form 10-Q filed with the Securities and Exchange Commission for the quarter ended September 30, 2001, Atlantic has disclosed its liability for the tax deficiencies (and interest

**Table of Contents**

and penalties on the tax deficiencies) proposed to be assessed against us by the IRS for the taxable years ended December 31, 1991 through 1995, as reflected in each of the two examination reports issued by the IRS. We believe, but can provide no assurance, that Atlantic currently has sufficient assets to pay such tax deficiencies, interest and penalties. According to the quarterly report on Form 10-Q filed by Atlantic for its quarter ended September 30, 2001, Atlantic had net assets at September 30, 2001 of \$60.0 million (determined pursuant to the liquidation basis of accounting). If the amount of tax, interest and penalties assessed against us ultimately exceeds the amounts proposed in each of the examination reports, however, because interest continues to accrue on the proposed tax deficiencies, or additional tax deficiencies are proposed or for any other reason, then Atlantic may not have sufficient assets to reimburse us for all amounts we must pay to the IRS, and we would be required to pay the difference out of our own funds. Accordingly, the ultimate resolution of any controversy over tax liabilities covered by the tax agreement may have a material adverse effect on our financial position, results of operations or cash flows, including if we are required to distribute deficiency dividends to our shareholders and/or pay additional taxes, interest and penalties to the IRS in amounts that exceed the value of Atlantic's net assets. Moreover, the IRS may assess us with taxes that Atlantic is not required under the tax agreement to pay, such as taxes arising from the recently-commenced examination of us for the taxable years ended December 31, 1996 and 1997, and of our subsidiary partnership for the taxable years ended December 31, 1997 and 1998. There can be no assurance, therefore, that the IRS will not assess us with substantial taxes, interest and penalties which Atlantic cannot, is not required to or otherwise does not pay. Our tax dispute is described in more detail under the caption "Federal Income Tax Considerations - Tax Audit" beginning on page 71 of this prospectus.

**Our failure to qualify as a REIT would result in higher taxes and reduced cash**

**available for our shareholders.**

We operate in a manner so as to qualify as a REIT for federal income tax purposes. Although we do not intend to request a ruling from the IRS as to our REIT status, we have received the opinion of Honigman Miller Schwartz and Cohn LLP with respect to our qualification as a REIT since the commencement of our taxable year which began January 1, 2002. This opinion was issued in connection with this offering of common shares. A copy of this opinion is filed as an exhibit to the registration statement of which this prospectus is a part. Investors should be aware, however, that opinions of counsel are not binding on the IRS or any court. The opinion of Honigman Miller Schwartz and Cohn LLP represents only the view of our special tax counsel based on its review and analysis of existing law and on certain representations as to factual matters and covenants made by us and our Chief Executive Officer. Furthermore, both the validity of the opinion and our continued qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution and shareholder ownership requirements on a continuing basis, the results of which will not be monitored by Honigman Miller Schwartz and Cohn LLP.

As discussed above, if we were to fail to qualify as a REIT for any taxable year, we would be subject to federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates, and distributions to shareholders would not be deductible by us in computing our taxable income. Any such corporate tax liability could be substantial and, unless we were indemnified against such tax liability, would reduce the amount of cash available to us for distribution to our shareholders, which in turn could have a material adverse impact on the value of, and trading prices for, our common shares.

**Table of Contents****USE OF PROCEEDS**

We estimate that the net proceeds to us from the sale of 3,000,000 common shares in this offering will be approximately \$49,800,000, after payment of the underwriting discounts and estimated offering expenses payable by us, assuming a public offering price of \$18.10 per common share.

We intend to use the net proceeds of the sale of our common shares in this offering initially to pay down outstanding balances under our credit facility. Our credit facility expires in September 2003 and has a variable interest rate which is between 162.5 basis points and 225.0 basis points above LIBOR, depending on certain debt ratios, and was 200.0 basis points above LIBOR at December 31, 2001.

Following the offering, we expect to borrow approximately \$27.6 million under our credit facility to redeem 1,200,000 of our series A preferred shares. These shares were originally issued at a price of \$25.00 per share, and we have entered into an agreement with the holders of these shares giving us the right to redeem the shares at a price per series A preferred share equal to the greater of (a) \$22.14 or (b) the quotient obtained by dividing (1) the product of (A) \$25.00 and (B) the public offering price of the common shares in this offering less \$2.00 by (2) \$17.50. Assuming a public offering price of \$18.10 per common share for the shares sold in this offering, the redemption price for the series A preferred shares would be \$23.00 per share or \$27.6 million in the aggregate. The table below sets forth the redemption price for the series A preferred shares at various public offering prices for the shares sold in this offering.

<b>Public Offering Price Per Common Share</b>	<b>Redemption Price Per Series A Preferred Share</b>
\$17.50 or below	\$22.14
\$18.00	\$22.86
\$18.50	\$23.57

We also plan to borrow approximately \$9.1 million under our credit facility to purchase the equity of our joint venture partner in the Rivertowne Square and Chester Springs shopping centers.

The description above is our estimated allocation of the estimated net proceeds from the sale of common shares in this offering. We might change the allocation among the categories discussed above or to new categories in response to, among other things, changes in our business plans, future revenues and expenses and industry, regulatory or competitive conditions. The amount of our expenses and their timing will vary depending on a number of factors, including changes in our expected operations or business plan and changes in economic and industry conditions. Any such shifts will be at the discretion of our Board of Trustees and officers.



**Table of Contents****CAPITALIZATION**

The following table sets forth our actual capitalization at December 31, 2001 and as adjusted to give effect to the sale of 3,000,000 common shares we are offering by this prospectus at an assumed public offering price of \$18.10 per share, the application of the estimated net proceeds to us from that offering and the consummation of the transactions described under Use of Proceeds. See Use of Proceeds. You should read this table together with Management's Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and the notes to our financial statements included elsewhere in this prospectus.

	December 31, 2001	
	Actual	As Adjusted
	(in thousands)	
Debt:		
Mortgage loans	\$ 222,850	\$ 244,850
Secured credit facility	102,300	89,208
Unsecured term loan	22,125	22,125
Total debt	347,275	356,183
Minority Interest	48,157	48,157
Shareholders' equity:		
Preferred shares, par value \$0.01; 10,000,000 shares authorized; 1,400,000 series A preferred shares issued and outstanding (0 shares, as adjusted), liquidation value of \$35,000,000 (\$0, as adjusted)(1)	33,829	
Common shares, par value \$0.01; 30,000,000 shares authorized; 7,091,526 issued and outstanding (10,378,063 shares, as adjusted)(1)(2)	71	104
Additional paid-in capital	150,186	204,778
Accumulated other comprehensive loss	(3,179)	(3,179)
Cumulative distributions in excess of net income	(47,502)	(46,106)
Total shareholders' equity	133,405	155,597
Total Capitalization	\$ 528,837	\$ 559,937

(1) The number of preferred shares as adjusted reflects the automatic conversion upon the consummation of this offering of the 200,000 series A preferred shares which we will not redeem from the proceeds of this offering into 286,537 common shares.

(2) The number of common shares outstanding as of December 31, 2001 does not include:

653,605 common shares issuable upon exercise of outstanding options granted under our stock option plans,

2,944,977 common shares issuable upon exchange of outstanding units in our operating partnership, Ramco-Gershenson Properties, L.P., and

2,005,763 common shares issuable upon conversion of our outstanding series A preferred shares.

See Notes 14 and 15 of the accompanying financial statements.

**Table of Contents****COMMON SHARE PRICE AND DIVIDEND PERFORMANCE**

Our common shares are listed on The New York Stock Exchange under the trading symbol RPT. The following table sets forth, for the periods indicated, the range of high and low closing sales prices for our common shares as reported on The New York Stock Exchange and the cash dividends paid per share.

	<u>High</u>	<u>Low</u>	<u>Dividends</u>
Year Ended December 31, 2000			
First Quarter	\$ 14.875	\$ 12.375	\$ 0.42
Second Quarter	15.875	13.500	0.42
Third Quarter	15.562	13.875	0.42
Fourth Quarter	14.750	12.937	0.42
Year Ended December 31, 2001			
First Quarter	\$ 15.00	\$ 13.25	\$ 0.42
Second Quarter	17.55	13.70	0.42
Third Quarter	18.15	14.33	0.42
Fourth Quarter	17.57	16.05	0.42
Year Ending December 31, 2002			
First Quarter (through March 21, 2002)	\$ 18.10	\$ 16.15	\$ 0.42

On March 21, 2002 the last sales price for our common shares reported on The New York Stock Exchange was \$18.10 per share. As of December 31, 2001, we had 2,170 shareholders of record.

**Dividend Policy**

Dividends are paid to our shareholders on a quarterly basis if, as and when declared by our Board of Trustees. In order to maintain our status as a REIT, we are generally required to distribute annually to our shareholders at least 90% of our adjusted REIT taxable income (as defined in the Internal Revenue Code).

Future dividends on our common shares will be at the discretion of our Board of Trustees and will depend on, among other things, our results of operations, financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Internal Revenue Code, our debt service requirements and other factors as our Board of Trustees may deem relevant. In addition, our credit facility contains a financial covenant which could limit the amount of dividends we could pay in the event of a deterioration in our results of operations or financial condition and which prohibits the payment of dividends on our common shares in the event that we fail to pay when due (subject to any applicable grace period) any principal of or interest on borrowings under the credit facility. Accordingly, we cannot assure you that future dividends will be paid or sustained at current levels.

**Table of Contents**

Historically, our retained funds from operation have allowed us to maintain strong dividend coverage. The chart below sets forth our distribution coverage for each of the last two years:

		<b>For the Year Ended December 31,</b>	
		<b>2000</b>	<b>2001</b>
Total Funds from Operations	Diluted	\$ 30,126	\$ 31,607
Less: Distributions		(20,362)	(20,233)
Retained Funds from Operations	Diluted	9,764	11,374
Diluted Funds from Operations Payout Ratio(1)		67.6%	64.0%
Distribution Coverage(2)		1.5	1.6

(1) Represents distributions divided by total funds from operations diluted.

(2) Represents total funds from operations diluted divided by distributions.

**Table of Contents**

**DESCRIPTION OF THE COMPANY**

**Overview**

We are a fully integrated, self-administered and self-managed real estate investment trust, also known as a REIT, that develops, acquires, manages and owns community shopping centers in the midwestern, southeastern and mid-Atlantic regions of the United States. As of December 31, 2001, we had a portfolio of 57 shopping centers totaling approximately 11.4 million square feet of gross leaseable area located in 12 states. Our shopping centers include 56 community shopping centers, including nine power centers and three single tenant facilities. We also own one enclosed regional mall. Our properties are located in convenient and easily-accessible locations with abundant parking which are close to residential communities and offer excellent visibility for our tenants and easy access for shoppers.

**Historical Overview and Organizational Structure**

For approximately half a century, Ramco-Gershenson, Inc. and its predecessor developed and owned shopping centers throughout the United States. Over that time, we developed or acquired over 60 shopping centers with a total of over 16.5 million square feet.

In May 1996, our predecessor, RPS Realty Trust, acquired through a reverse merger substantially all the shopping centers and retail properties as well as the management company and business operations of Ramco-Gershenson, Inc. and some of its affiliates. The resulting trust changed its name to Ramco-Gershenson Properties Trust and relocated its corporate office to Southfield, Michigan, where Ramco-Gershenson, Inc.'s officers assumed management responsibility. The trust also changed its operations from a mortgage REIT to an equity REIT and contributed seven mortgage loans, three real estate properties and other assets to Atlantic Realty Trust, an independent, newly formed liquidating REIT, all of the stock of which was distributed to the shareholders of the trust.

In 1997, with approval from our shareholders, we changed our state of organization from Massachusetts to Maryland by terminating the Massachusetts trust and merging into a newly-formed Maryland real estate investment trust.

We conduct substantially all of our business, and hold substantially all of our interests in our properties, through our operating partnership, Ramco-Gershenson Properties, L.P., either directly or indirectly through partnerships or limited liability companies which hold fee title to the properties. We have the exclusive power to manage and conduct the business of our operating partnership. As of December 31, 2001, our company owned approximately 70.7% of the interests in our operating partnership. Set forth below is a chart which depicts the structure of our organization as of December 31, 2001.

**Table of Contents**

**ORGANIZATIONAL STRUCTURE**

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- (1) After giving effect to this offering, approximately 96.4% of our common shares will be held by our public shareholders and approximately 3.6% by our executive officers and trustees. Units of our operating partnership are redeemable at the holder's request. These units may be redeemed, at our option and in our sole discretion, either for common shares on a one-for-one basis and/or cash (based on the fair market value of an equivalent number of common shares at the time of redemption). If all units of the operating partnership were redeemed by us for common shares, our company would be owned approximately 82.0% by our public shareholders and approximately 18.0% by our executive officers and trustees. Our executive officers and trustees also hold stock options to acquire an aggregate of 505,000 common shares, which, if exercised in full, would reduce the percentage of our company owned by our public shareholders to 79.0% on a fully-diluted basis.

## **Table of Contents**

### **Competitive Strengths**

Based on our long history in the shopping center industry, the caliber of our management team and the quality of our assets, we believe that we are uniquely positioned to capitalize on opportunities in the real estate market as they present themselves.

#### *Community Shopping Center Focus*

We are predominantly a community shopping center company with a focus on acquiring, developing and managing centers primarily anchored by grocery stores and nationally-recognized discount department stores. It is our belief that centers with a grocery and/or discount component attract consumers seeking value-priced products. Since these products are required to satisfy everyday needs, customers usually visit the centers on a weekly basis. Our shopping centers are focused in metropolitan trade areas in the midwestern and the southeastern regions of the United States. We also own and operate three centers in the mid-Atlantic region of the United States. Our anchor tenants include Wal-Mart, Target, Kmart, Kohl's, Home Depot and Lowe's Home Improvement. Approximately 57.1% of our community shopping centers have grocery anchors, including Publix, A&P, Kroger, Super Valu, ShopRite, Kash n Karry, Winn-Dixie, Giant Eagle and Meijer.

#### *Markets In Which We Operate*

Our shopping centers are primarily located in major metropolitan areas in the midwestern and southeastern regions of the United States. By focusing our energies on these markets, we have developed a thorough understanding of the unique characteristics of these trade areas. Based on data provided by Market Insight Group, 61.5% of our midwestern centers are located in trade areas with income levels that exceed the national average, and 84.0% of our southeastern centers are located within markets that exceed national average population growth rates. In both of these regions we have concentrated a number of centers in reasonable proximity to each other in order to achieve market penetration as well as efficiencies in management, oversight and purchasing.

#### *Proactive Asset Management*

We are proactive asset managers. We use our asset management personnel to perform a variety of functions, including playing a major role in creating and assessing leasing, redevelopment, acquisition and development opportunities. Our proactive approach to leasing has allowed us to consistently maintain a high occupancy rate, ranging between 93.0% and 95.5% during each of the last five years. As of December 31, 2001, our annual rate of tenant retention upon lease expiration averaged 73.0%. Our asset management team also helps to ensure that our centers remain competitive in their respective trade areas. For example, based on our asset managers' recommendations, we have repositioned fully leased centers to take advantage of changes in retail trends and demographics. In addition, when considering an acquisition, we use our experience and tenant contacts to look for value-added opportunities which may not have been capitalized on by the existing owner and which may have been overlooked by our competitors. We are also able to use our tenant contacts to assess our customers' needs for space when we evaluate potential development projects.

#### *Experienced Management Team*

Our management team has an average of approximately 27 years of experience in the real estate industry, including acquisition, development, financing, leasing and asset management experience. Over the last three decades, the members of our management team have taken advantage of the opportunities that are present in prosperous times and have met the challenges of working through market downturns. A number of our executives have worked for

## **Table of Contents**

national retailers, providing them with unique insight into the business needs and demands of these anchor tenants. Our management team has a proven track record of adding value to our shopping centers. We feel that our management team's knowledge of the markets in which we operate, established long-standing tenant relationships and ability to anticipate retailing trends provide us a key competitive advantage. Moreover, our management and trustees currently own 19.9% of our company (assuming the conversion into our common shares of all of our outstanding preferred shares and all of the outstanding units in our operating partnership but excluding our outstanding stock options), which aligns management's interests with that of our shareholders.

### **Business Strategy**

Our goal is to maximize total return for our shareholders by improving operating income and enhancing asset value. We achieve this objective by owning and managing a portfolio of shopping centers located in attractive markets with strong economic and demographic characteristics.

We pursue our goal through:

An aggressive approach to repositioning, renovating and expanding our shopping centers. Our management team assesses our centers annually to identify redevelopment opportunities and proactively engage in value-enhancing activities. These efforts have improved our property values and increased our operating income. They also keep our centers attractive, well tenanted and properly maintained. Since 1996, we have completed the repositioning of 21 shopping centers, producing a weighted average return on incremental invested capital of 14.6%. We calculate a redevelopment project's return on incremental invested capital as the sum of the new tenant rents less the displaced tenant rents for the project, divided by the sum of all capitalized costs associated with the project, including land, construction costs, architectural and engineering services, brokerage commissions, legal fees, demolition, lease buyouts and financing costs incurred during the construction period.

The acquisition of community shopping centers in the midwestern, southeastern and mid-Atlantic regions of the United States with a focus on grocery and nationally-recognized discount department store anchor tenants. We seek transactions that are accretive to our funds from operations and that lend themselves to value-added opportunities which result in increased operating income and improved property value. Our experience allows us to create additional income through the expansion, retenanting or redevelopment of portions of our acquisition properties.

The development of new shopping centers in emerging areas in metropolitan markets in which we currently operate and where we believe demand for a center exists. We do not begin a development until, at a minimum, we have leases with the anchor tenant and indications of interest from other tenants. We pursue developments that we expect, when completed, will generate a stabilized unleveraged return on costs of at least 12.0%. In some instances we also seek to maximize our return and minimize risk by leasing parcels of land to our major anchor tenants. We calculate a shopping center's stabilized unleveraged return on costs by dividing the net operating income of the shopping center (assuming full lease-up) by the total cost of the shopping center, including the cost of land, construction costs and the capitalized costs associated with architectural and engineering services, brokerage commissions, legal fees and financing costs incurred during the construction period. This calculation does not take into account any permanent financing interest cost or debt repayment.

A proactive approach to leasing unoccupied spaces and occupied spaces where leases are about to expire. We also look for opportunities to retenant our properties to meet

## **Table of Contents**

changing market demands. During the year ended December 31, 2001, we signed 72 new leases with rents representing a 25.8% increase over our portfolio average rent per square foot, including 64 new leases with non-anchor tenants. During 2001, we also renewed 71 leases with existing tenants at a 5.3% average increase in rentals over prior rates, including 69 leases with existing non-anchor tenants at a 6.7% average increase in rentals over prior rates. Our current portfolio average base rent per square foot is \$7.44 overall and \$11.26 for non-anchor tenants. At December 31, 2001, our overall occupancy rate was 95.5%.

The promotion of our shopping centers through print and radio media as well as on site activities and holiday circulars. We believe that we are somewhat unique in applying promotional efforts that typically are associated with super regional malls to our community centers. We find that having the landlord organize promotional events for our centers increases customer traffic and stimulates sales that translate into higher rental rates. We not only promote our shopping centers, but these efforts are formatted to produce measurable results so that we can gauge the effectiveness of our actions.

## **Financing Strategy**

Our goal is to have a strong and flexible financial position by accessing multiple sources of capital and by managing our leverage and variable interest rate exposure. We expect to finance future growth by:

incurring indebtedness through additional borrowings,

retaining cash flow that we are not required to distribute to maintain our REIT status,

selling properties where we do not see any further potential for rental growth or which are no longer compatible with our business plan,

selling common shares, preferred shares or debt securities through public offerings or private placements, and

issuing units of limited partnership interests of our operating partnership in exchange for contributed property.

## **Industry Overview**

The International Council of Shopping Centers, or ICSC, in an industry report dated April 2001, estimates that retail shopping center sales in the United States were approximately \$1.1 trillion in 2000 and have grown at an average annual rate of 5% since 1990. At the end of 2000, there were 45,025 shopping centers containing 5.6 billion square feet of gross leaseable area in the United States, according to the ICSC report. ICSC also estimates that adult visitors to shopping centers in the United States averaged 197 million per month in 2000, an increase of over 3% above the average monthly traffic for 1999.

According to the Urban Land Institute, shopping centers are typically organized in five categories: convenience, neighborhood, community, regional and super regional centers. The shopping centers are distinguished by various characteristics, including center size, the number and type of anchor tenants and the types of products sold.

Convenience centers include at least three tenants with a gross leaseable area of up to 30,000 square feet and are generally anchored by a tenant that provides personal/convenience service such as a mini market.



## **Table of Contents**

Neighborhood centers provide for the sale of personal services and goods for the day-to-day living of the immediate neighborhood. Average gross leaseable area of a neighborhood center is approximately 60,000 square feet. These centers may include a grocery store.

Community centers provide, in addition to convenience goods and personal services offered by neighborhood centers, a wider range of soft and hard line goods. Average gross leaseable area of a community center ranges between 100,000 and 500,000 square feet. The center may include a grocery store, discount department store, super drug store, and several specialty stores. In some cases a community center may be classified as a power center. A power center may have over 1,000,000 square feet of gross leaseable area and include several category specific off-price anchors of 20,000 or more square feet. These anchors typically emphasize hard goods such as consumer electronics, sporting goods, office supplies, home furnishings and home improvement goods. It is our experience that the demand for the types of goods and services offered at community centers is not generally affected by economic downturns.

Regional centers, also known as regional malls, are built around two or more full line department stores of generally not less than 50,000 square feet. Their typical size ranges from 250,000 to about 900,000 square feet. Regional malls provide services typical of a business district but are not as extensive as those provided by a super regional mall.

Super regional centers, also known as super regional malls, are built around three or more full line department stores of generally not less than 75,000 square feet. Their typical size ranges from 500,000 square feet to more than 1,500,000 square feet. These centers offer an extensive variety of general merchandise, apparel furniture and home furnishings.

### **Acquisition and Market Selection Process**

We seek to acquire primarily community shopping centers in trade areas with attractive demographic characteristics. Our acquisition activities are focused in major metropolitan areas in the states in which we currently operate. In general, our strategy is to target geographic areas proximate to our existing community shopping centers which allows us to maximize our current resources and manage expenses. We seek to establish a firm market presence by owning multiple properties in an area. We will, however, continue to evaluate all potential acquisitions on a property-by-property and market-by-market basis. The types of markets in which we seek to acquire community shopping centers have some or all of the following characteristics:

a stable or growing population,

strong average household income levels, and

a diverse economy.

Within specific markets, we seek a convenient and easily accessible location with abundant parking facilities, close to residential communities, with excellent visibility for our tenants and easy access for shoppers. We also look for community shopping centers with a tenant mix which is appropriate for the trade area and in which we believe there are redevelopment opportunities which could increase our investment returns. Since 1996, we have acquired 28 properties, totaling approximately 4.6 million square feet, at a total cost of \$260.7 million and an average stabilized unleveraged return on costs of 10.3%.

### **Development of New Shopping Centers**

Our 45-year history as a shopping center developer provides us with the ability to discover outstanding retail sites with development potential. We maintain strong relationships with national and regional anchor tenants, allowing us to assess their interest in our prospective developments. We seek opportunities in trade areas in metropolitan markets in which we currently operate and where we believe demand exists.

**Table of Contents**

We do not purchase property on a speculative basis. Instead, we only purchase a development parcel once all of our primary anchors have signed leases and many of our smaller retail space tenants have signed leases or indicated an interest in the project. We seek to achieve a stabilized unleveraged return on costs of at least 12.0% for each of our developments by:

leasing land to some anchors to enable them to build their own premises,

providing fixed tenant construction allowances, thus eliminating the risk of cost overruns, and

attempting to realize the highest possible rents.

Our goal has been to develop at least one new shopping center each year. Since 1996, we have developed five shopping centers, totaling approximately 1.6 million square feet, at a cost of \$93.4 million and an average stabilized unleveraged return on costs of 13.7%.

Following are examples of our recent development projects:

White Lake MarketPlace, White Lake, Michigan (a Detroit suburb) This 350,000 square foot development is anchored by Wal-Mart, Home Depot, Farmer Jack (A & P) Supermarket and OfficeMax. The anchors are complemented by 19,000 square feet of additional retail and three outparcels leased to Applebee's, Standard Federal Bank and Blockbuster Video. The White Lake MarketPlace produced a stabilized unleveraged return on costs of 13.8%.

Auburn Mile, Auburn Hills, Michigan (a Detroit suburb) This 650,000 square foot development is anchored by Target, Costco, Meijer and Staples. Target, Costco and Meijer each have the right to purchase their respective parcels after four years. Land leases with outparcel users at this site include Olive Garden, Wendy's and Comerica Bank. By restricting our capital usage to the acquisition of the overall parcel, and assuming that Target, Costco and Meijer exercise their rights to purchase their parcels, we have achieved a stabilized unleveraged return on costs of 13.5% for this project. If none of these tenants exercise their rights to purchase their parcels, we have achieved a stabilized unleveraged return on costs of 10.2% for this project.

Crossroads Centre, Rossford, Ohio (a Toledo suburb) This 600,000 square foot development is anchored by Target, Home Depot and Giant Eagle. The shopping center was developed by a joint venture in which we have a 10% interest. We have the right, but not the obligation, to acquire the entire ownership of this center during 2002. Both Target and Home Depot have the right to purchase their respective parcels after four years. Assuming both of these tenants exercise their rights to purchase their parcels, this project will produce a stabilized unleveraged return on costs of 15.5%. If none of these tenants exercise their rights to purchase their parcels, this project will achieve a stabilized unleveraged return on costs of 14.2%.

**Redevelopment of Existing Shopping Centers**

The redevelopment of our portfolio is a driver of income growth. In addition, our redevelopment activities enable us to keep our properties competitive and well tenanted. Since 1996, we have completed 21 redevelopments totaling 1.2 million square feet, at an estimated cost of \$41.1 million and a weighted average return on incremental invested capital of 14.6%.

Following are examples of our recent redevelopment projects.

Tel-Twelve Shopping Center, Southfield, Michigan (a Detroit suburb) Originally developed as a regionally enclosed mall in 1968, Tel-Twelve has been expanded and renovated several times. In 2001, we announced the de-malling of this

**Table of Contents**

630,000 square foot shopping center as part of our redevelopment program. Once this redevelopment project is completed, this center will be comprised of 650,000 square feet and will be anchored by Lowe's Home Improvement, Kmart (one of the original anchors), Circuit City, Office Depot and Media Play.

West Oaks II Shopping Center, Novi, Michigan (a Detroit suburb) We originally developed this 388,000 square foot center in 1987. In 2000, we completed the two-story expansion of the Kohl's store and construction of the first two-story JoAnn etc store.

**Table of Contents****Properties**

As of December 31, 2001, we owned and operated a portfolio of 57 shopping centers totaling approximately 11.4 million square feet of gross leaseable area located in 12 states. Our properties consist of 56 community shopping centers, nine of which are power centers and three of which are single tenant facilities. We also own one enclosed regional mall.

The following table sets forth information regarding the properties we owned and operated as of December 31, 2001.

Property Name and Location	Year Opened or Acquired / Year of Latest Expansion (3)	Gross Leaseable Area at 12/31/01				Annualized Base Rent at 12/31/01		Anchors(15)
		Total (11)	Company Owned (12)	Anchor (13)	% Leased	Total (14)	Per Sq. Ft.	
<b>Community Shopping Centers</b>								
<b>Community Centers</b>								
Chester Springs,								
Chester, NJ(6)	1994/1999	224,138	224,138	81,760	99.0	\$2,716,554	\$ 12.25	ShopRite Supermarket, Staples
Aquia Towne Center,								
Stafford, VA	1998	240,042	240,042	117,195	96.4	2,556,412	11.05	Shoppers Food Warehouse, Big Lots
West Allis Town Centre,								
West Allis, WI	1987	329,454	329,454	216,474	98.8	2,291,608	7.04	Kmart(8), Kmart, Kohl's Supermarket (A&P)(5)
East Town Plaza,								
Madison, WI(6)	1992/1999	341,954	208,959	277,680	93.7	1,671,449	8.54	Burlington, Marshalls, JoAnn, Borders, Toys R Us(1), Shopco(1)
Eastridge Commons,								
Flint, MI	1990/1997	271,749	169,840	226,112	98.2	1,627,231	9.76	Farmer Jack (A&P), Staples, Target(1), TJ Maxx
Northwest Crossing,								
Knoxville, TN	1997/1995	260,707	260,707	217,443	99.2	1,612,097	6.23	Goody's Family Clothing, Ingles Market(5), Wal- Mart
Roseville Plaza,								
Roseville, MI	1983/1994	295,987	295,987	211,166	91.5	1,582,534	5.84	Marshalls, Service Merchandise, Wal-Mart
Jackson West,								

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Jackson, MI	1996/1999	210,321	210,321	194,484	100.0	1,566,331	7.45	Circuit City, Lowe's Home Improvement, Michael's, OfficeMax
Crofton Plaza, Crofton, MD	1991	250,016	250,016	181,039	98.0	1,416,244	5.78	Super Valu, Kmart
New Towne Plaza, Canton, MI	1976/1998	171,790	171,790	91,122	100.0	1,408,218	8.20	Kohl's Department Store
Madison Center, Madison Heights, MI	1997/2000	226,488	226,488	167,830	98.9	1,357,158	6.06	Dunham's, Kmart
Edgewood Square, North Augusta, SC	1997/1995	228,204	228,204	207,829	97.9	1,355,001	6.07	Bi-Lo Grocery, Goody's Family Clothing, Wal-Mart
Shenandoah Square, Davie, FL(10)	2001	119,332	119,332	42,112	88.9	1,276,172	12.02	Publix, Walgreens

**Table of Contents**

Property Name and Location	Year Opened or Acquired / Year of Latest Expansion (3)	Gross Leaseable Area at 12/31/01				Annualized Base Rent at 12/31/01		Anchors(15)
		Total (11)	Company Owned (12)	Anchor (13)	% Leased	Total (14)	Per Sq. Ft.	
Southfield Plaza, Southfield, MI	1983/1999	166,018	166,018	128,358	96.8	1,241,452	7.73	Burlington Coat Factory, Marshalls, F & M Drugs
Clinton Valley Mall, Sterling Heights, MI	1979/1999	143,742	143,742	55,175	67.2	1,218,374	12.60	Office Depot, DSW Shoe Warehouse
Taylor Square, Greenville, SC	1997/1995	205,384	205,384	174,624	100.0	1,206,631	5.87	Wal-Mart, Tags(5)
Hickory Corners, Hickory, NC	1997/1999	177,519	177,519	118,402	94.1	1,197,711	7.17	Food Lion Grocery, Wal-Mart(4), OfficeMax
Troy Towne Center, Troy, OH	1990/1996	221,358	130,437	151,921	93.5	1,180,171	9.67	County Market(5), Sears Hardware, Wal-Mart(1)
Ridgeview Crossing, Elkin, NC	1997/1995	211,524	211,524	168,659	99.3	1,170,989	5.58	Belk Department Store, Ingles Market, Wal-Mart
West Acres Commons, Flint, MI(10)	2001	95,089	95,089	59,889	94.0	1,139,833	12.75	Farmer Jack (A&P)
Oakbrook Square, Flint, MI	1989	140,217	140,217	57,160	92.2	1,120,673	8.67	Kids R Us, TJ Maxx
Sunshine Plaza, Tamarac, FL	1991/1998	233,123	233,123	162,054	91.9	1,109,745	5.18	Publix, Old Time Pottery, Price Cutter
Rivertowne Square, Deerfield Beach, FL(6)	1998	136,647	136,647	70,948	93.1	1,083,009	8.51	Winn-Dixie, Office Depot
Pelican Plaza, Sarasota, FL Holcomb Center,	1997	105,873	105,873	35,768	95.7	1,051,603	10.38	Linens n Things

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Alpharetta, GA Village Lakes S.C., Land O Lakes, FL	1996	106,503	106,503	39,668	97.3	962,145	9.28	A&P(5)
Conyers Crossing, Conyers, GA	1997	186,476	186,476	125,141	96.2	953,213	5.31	Kash N Karry Food Store, Wal-Mart
Highland Square, Crossville, TN	1998	170,475	170,475	138,915	100.0	895,419	5.25	Kmart, Hobby Lobby
Holly Springs Plaza, Franklin, NC	1997	171,546	171,546	131,126	100.0	888,080	5.18	Kroger, Wal- Mart(4)
Cox Creek Plaza, Florence, AL	1997/1992	155,584	155,584	124,484	97.9	826,157	5.42	Ingles Market, Wal- Mart
Stonegate Plaza, Kingsport, TN	1997/2000	126,701	126,701	92,901	89.8	787,937	6.92	Goody s, Toy s R Us, Old Navy
	1997/1993	138,490	138,490	127,042	100.0	709,011	5.12	Food Lion Grocery, Wal-Mart

**Table of Contents**

Property Name and Location	Year Opened or Acquired / Year of Latest Expansion (3)	Gross Leaseable Area at 12/31/01				Annualized Base Rent at 12/31/01		Anchors(15)
		Total (11)	Company Owned (12)	Anchor (13)	% Leased	Total (14)	Per Sq. Ft.	
Mays Crossing, Stockbridge, GA	1997/1986	137,223	137,223	100,183	94.1	705,261	5.46	Ingles Market(17), Wal-Mart(4)
Indian Hills, Calhoun, GA	1997	133,130	133,130	97,930	96.1	650,545	5.09	Ingles Market, Wal- Mart(4)
Tellico Plaza, Lenoir City, TN	1997	114,192	114,192	94,805	100.0	614,783	5.38	Bi-Lo Grocery, Wal-Mart(4)
Lake Orion Plaza, Lake Orion, MI	1977	129,452	129,452	114,574	99.1	567,417	4.42	Farmer Jack (A&P), Kmart
Lantana Plaza, Lantana, FL	1993	101,622	101,622	40,275	94.0	538,376	5.63	Publix
Crestview Corners, Crestview, FL	1997/1993	111,618	111,618	79,603	95.7	513,196	4.80	Fleming Foods, Wal-Mart(4)
Clinton Valley Strip, Sterling Heights, MI	1979	94,360	44,360	50,000	100.0	489,364	11.03	Service Merchandise(1)
Southbay Fashion Center, Osprey, FL	1998	96,690	96,690	31,700	75.0	460,419	6.35	Jacobson, Ethan Allen, Eckerd Drugs
Cumberland Gallery, New Tazewell, TN	1997	98,155	98,155	73,304	97.2	456,604	4.78	Ingles Market, Wal- Mart
Fraser Shopping Center, Fraser, MI	1983	76,699	76,699	52,784	93.5	409,341	5.71	Oakridge Market, Rite-Aid
Ferndale Plaza, Ferndale, MI	1984	30,916	30,916	0	88.7	335,292	12.22	Old Navy
Southfield Plaza Expansion, Southfield, MI(2)	1985	19,410	19,410	0	90.7	246,027	13.97	No Anchor
Naples Towne Centre, Naples, FL	1983	148,729	44,152	125,577	100.0	235,813	5.34	Kmart(1), Florida Food & Drug(1)
<b>Subtotal</b>								
<b>Community Centers</b>		7,354,647	6,874,245	5,005,216	95.7	\$47,401,601	\$ 7.20	
<b>Power Centers</b>								
Tel-Twelve Shopping Center, Southfield, MI	1983/1997	449,176	449,176	328,537	77.8	4,074,853	11.66	



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Crossroads Centre, Rossford, OH(9)	2001	443,613	443,613	381,291	100.0	3,147,091	7.09	Circuit City, Kmart, Media Play, Office Depot Home Depot, Target, Giant Eagle, Michael s, Linens n Things
Auburn Mile, Auburn Hills, MI	2000	600,421	538,451	594,107	100.0	2,393,150	4.44	Best Buy(1), Target, Meijer, Costco, Joann etc, Ethan Allen(1)

**Table of Contents**

Property Name and Location	Year Opened or Acquired / Year of Latest Expansion (3)	Gross Leaseable Area at 12/31/01				Annualized Base Rent at 12/31/01		
		Total (11)	Company Owned (12)	Anchor (13)	% Leased	Total (14)	Per Sq. Ft.	Anchors(15)
West Oaks II, Novi, MI	1987/2000	388,051	167,954	310,850	93.9	2,373,635	15.06	Kmart(1), Kohl's Department Store(1), Marshalls, Toys R Us(1), Kids R Us(1), Joann etc.
Spring Meadows Place, Holland, OH	1987/1997	465,088	189,716	329,443	95.2	2,039,536	11.29	Dick's Sporting Goods(1), Kroger(1), Service Merchandise(1), Target(1), TJ Maxx, OfficeMax
West Oaks I, Novi, MI	1981/1998	242,163	242,163	226,839	100.0	1,568,545	6.48	Circuit City, Kmart (land lease)(1), OfficeMax, Service Merchandise(16), DSW Shoe Warehouse
Kentwood Towne Centre, Kentwood, MI(2)	1989	285,564	183,655	224,299	98.9	1,442,363	7.94	Kmart(7), OfficeMax, Target(1)
Edgewood Towne Center, Lansing, MI	1990/1992	295,029	85,757	232,796	100.0	802,178	9.35	OfficeMax, Sam's Club(1), Target(1)
Shoppes of Lakeland, Lakeland, FL	1996	62,046	62,046	50,000	100.0	491,425	7.92	Service Merchandise(16)
<b>Subtotal Power Centers</b>		3,231,151	2,362,531	2,678,162	94.9	\$ 18,332,776	\$ 8.18	
<b>Single Tenant Property</b>								
Taylor Plaza, Taylor, MI	1996	122,374	122,374	122,374	100.0	255,740	2.09	Kmart OfficeMax
Center, Toledo, OH	1994	22,930	22,930	22,930	100.0	254,523	11.10	OfficeMax
Northwest Crossing II, Knoxville, TN	1999	23,500	23,500	23,500	100.0	235,000	10.00	OfficeMax

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<b>Subtotal Single</b>								
<b>Tenant</b>		168,804	168,804	168,804	100.0	\$ 745,263	\$ 4.41	
<b>Property</b>								
<b>Subtotal All</b>								
<b>Community</b>								
<b>Centers</b>		10,754,602	9,405,580	7,902,182	95.6	\$66,479,641	\$ 7.40	
<b>Regional Mall</b>								
Jackson Crossing,								
Jackson, MI	1990/2000	637,387	383,144	425,280	94.0	3,090,516	8.58	Kohl's Department Store, Sears(1), Toys R Us, Target(1), Best Buy
<b>Total Portfolio</b>		11,391,989	9,788,724	8,327,462	95.5	\$69,570,157	\$ 7.44	

**Table of Contents**

- (1) Anchor-owned store.
- (2) 50% general partner interest.
- (3) Represents year opened or acquired/year of latest renovation or expansion. These dates do not include years in which tenant improvements were made to the properties.
- (4) Wal-Mart currently is not occupying its leased premises in this shopping center but remains obligated to pay under the terms of the related lease agreement. The space leased by Wal-Mart has been subleased to third parties.
- (5) The tenant has vacated the space but is still obligated to pay rent.
- (6) 25% joint venture interest.
- (7) Builders Square lease which is guaranteed by Kmart and sublet to third parties.
- (8) Builders Square lease which is guaranteed by Kmart but which was rejected by Kmart in January 2002.
- (9) 10% joint venture interest.
- (10) 40% joint venture interest.
- (11) Some of our shopping centers contain space not owned by us. In addition to gross leaseable area, or GLA, which we own, total GLA includes 1,603,265 square feet of the non-owned GLA which generally is owned directly by the anchor tenant occupying the space.
- (12) Represents gross leaseable area owned by us and excludes 1,603,265 square feet of non-owned GLA.
- (13) Represents square feet of GLA at a property that an anchor tenant either leases or owns.
- (14) We calculate annualized base rent for all leases in place at December 1, 2001 by multiplying December 2001 base rent by 12.
- (15) We define anchor tenants as single tenants which lease 19,000 square feet or more at a property.
- (16) Service Merchandise currently is occupying only a part of its leased premises in this location but remains obligated to pay rent to us under the terms of the related lease agreement. The portion of the space not occupied by Service Merchandise has been subleased to third parties.
- (17) The tenant has vacated the space but is still obligated to pay rent. The space is currently subleased to a third party.

**Table of Contents**

*Geographic Diversification*

The following table sets forth the distribution by region and by state of our gross leaseable area and annualized base rent as of December 31, 2001.

Region/State	Number of Properties	Company Owned Gross Leaseable Area		Annualized Base Rent(2)	
		Total Sq. Ft.(1)	% of Total Portfolio	Total	% of Total Portfolio
<b>Midwestern</b>					
Michigan	22	4,093,003	41.8	\$30,310,224	43.6
Ohio	4	786,696	8.0	6,621,321	9.5
Wisconsin	2	538,413	5.5	3,963,058	5.7
Subtotal Midwestern	28	5,418,112	55.4	40,894,604	58.8
<b>Southeastern</b>					
Florida	10	1,197,579	12.2	7,712,971	11.1
Tennessee	6	806,590	8.2	4,515,575	6.5
Georgia	4	547,331	5.6	3,213,370	4.6
North Carolina	3	544,627	5.6	3,194,857	4.6
South Carolina	2	433,588	4.4	2,561,631	3.7
Alabama	1	126,701	1.3	787,937	1.1
Subtotal Southeastern	26	3,656,416	37.4	21,986,342	31.6
<b>Mid-Atlantic</b>					
New Jersey	1	224,138	2.3	2,716,554	3.9
Virginia	1	240,042	2.5	2,556,412	3.7
Maryland	1	250,016	2.6	1,416,244	2.0
Subtotal Mid-Atlantic	3	714,196	7.3	6,689,211	9.6
<b>Total</b>	<b>57</b>	<b>9,788,724</b>	<b>100.0</b>	<b>\$69,570,157</b>	<b>100.0</b>

(1) Represents (a) gross leaseable area with respect to our shopping centers and (b) rentable square feet with respect to our single-tenant properties.

(2) We calculate annualized base rent for all leases in place on December 1, 2001 by multiplying total base rent for December 2001 by 12.  
*Occupancy*

The following table sets forth the occupancy rates by category of our properties for 2000 and 2001. Our overall occupancy rates for 2000 and 2001 were 93.7% and 95.5%, respectively.

	2000	2001
Community Centers	94.2%	95.6%
Enclosed Regional Mall	89.9	94.0

**Table of Contents***Tenant Mix*

The following table sets forth information regarding our top ten tenants as of December 31, 2001, determined by the percentage of our total annualized base rent in place at December 1, 2001.

Tenant	Number of Stores	Company Owned Gross Leaseable Area		Annualized Base Rent(1)		Type of Business
		Total Sq. Ft.	% of Total Portfolio	Total	% of Total Portfolio(2)	
Wal-Mart	15	1,382,031	14.1	\$ 6,074,806	8.7	Discount Department Store
Kmart(3)	10	1,011,846	10.3	4,242,048	6.1	Discount Department Store
Farmer Jack/A & P	5	252,280	2.6	2,405,664	3.5	Supermarket
OfficeMax	8	185,301	1.9	2,036,745	2.9	Office Supply Store
Circuit City	3	100,439	1.0	1,469,481	2.1	Electronics Store
Jo-Ann Fabrics	6	153,758	1.6	1,457,457	2.1	Fabric & Craft Retailer
T.J. Maxx/Marshalls	7	199,406	2.0	1,434,792	2.1	Off-Price Department Store
Kohl's	3	187,500	1.9	1,169,262	1.7	Department Store
Meijer	1	218,139	2.2	950,000	1.4	Discount Department Store
Fashion Bug	12	105,555	1.1	862,812	1.2	Women's Apparel

(1) We calculate annualized base rent for all leases in place on December 1, 2001 by multiplying total base rent for December 2001 by 12.

(2) Represents the total annualized base rent for the tenant divided by our total company annualized base rent of \$69,570,157.

(3) Filed Chapter 11 bankruptcy on January 22, 2002.

As of December 31, 2001, 32 of our community shopping centers, representing 57.1% of our total of 56 community shopping centers, had a grocery anchor tenant. In six of these locations, the grocery store location is currently unoccupied, but the grocery store tenant remains obligated on the lease. We hope to re-let those spaces to another grocery anchor tenant in the near future.

**Table of Contents***Expiring Leases*

The following tables set forth information regarding the timing of the expiration of our leases as of December 31, 2001.

*All Leases:*

Lease Expiration Year	Number of Leases Expiring	Company-Owned Gross Leasable Area		Annualized Base Rent in Place at December 31, 2001		
		Total Sq. Ft.	% of Total Portfolio	Total	% of Total Portfolio	Per Sq. Ft.
2001(1)	45	130,434	1.4	\$ 1,180,295	1.7	\$ 9.05
2002	133	384,094	4.1	4,127,436	5.9	10.75
2003	160	649,312	6.9	6,586,570	9.5	10.14
2004	160	833,619	8.9	6,543,385	9.4	7.85
2005	119	769,279	8.2	6,886,696	9.9	8.95
2006	113	863,115	9.2	6,444,180	9.3	7.47
2007	50	592,753	6.3	3,980,370	5.7	6.72
2008	30	1,040,307	11.1	6,000,856	8.6	5.77
2009	23	761,512	8.1	4,583,314	6.6	6.02
2010	18	353,137	3.8	2,270,326	3.3	6.43
2011+	69	2,972,286	31.8	20,966,729	30.1	7.05
<b>Total</b>	<b>920</b>	<b>9,349,848</b>	<b>100.0</b>	<b>\$69,570,157</b>	<b>100.0</b>	<b>\$ 7.44</b>

*Anchor Leases:*

Lease Expiration Year	Number of Leases Expiring	Company-Owned Gross Leasable Area		Annualized Base Rent in Place at December 31, 2001		
		Total Sq. Ft.	% of Total Portfolio	Total	% of Total Portfolio	Per Sq. Ft.
2001(1)	1	35,000	0.4	\$ 262,500	0.4	\$7.50
2002	1	35,000	0.4	227,500	0.3	6.50
2003	5	186,060	2.0	1,519,709	2.2	8.17
2004	10	392,471	4.2	1,722,726	2.5	4.39
2005	11	380,916	4.1	2,193,835	3.2	5.76
2006	12	494,849	5.3	2,505,386	3.6	5.06
2007	6	407,379	4.4	1,891,991	2.7	4.64
2008	17	984,152	10.5	5,269,309	7.6	5.35
2009	12	693,856	7.4	3,793,299	5.5	5.47
2010	8	299,567	3.2	1,662,355	2.4	5.55
2011+	40	2,737,506	29.3	18,072,500	26.0	6.60
<b>Total</b>	<b>123</b>	<b>6,646,756</b>	<b>71.1</b>	<b>\$39,121,110</b>	<b>56.2</b>	<b>\$5.89</b>

**Table of Contents****Non-Anchor Leases:**

Lease Expiration Year	Number of Leases Expiring	Company-Owned Gross Leaseable Area		Annualized Base Rent in Place at December 31, 2001		
		Total Sq. Ft.	% of Total Portfolio	Total	% of Total Portfolio	Per Sq. Ft.
2001(1)	44	95,434	1.0	\$ 917,795	1.3	\$ 9.62
2002	132	349,094	3.8	3,899,936	5.6	11.17
2003	155	463,252	5.0	5,066,861	7.3	10.94
2004	150	441,148	4.7	4,820,659	6.9	10.93
2005	108	388,363	4.2	4,692,861	6.8	12.08
2006	101	368,266	3.9	3,938,794	5.7	10.70
2007	44	185,374	2.0	2,088,379	3.0	11.27
2008	13	56,155	0.6	731,547	1.1	13.03
2009	11	67,656	0.7	790,015	1.1	11.68
2010	10	53,570	0.6	607,971	0.9	11.35
2011+	29	234,780	2.5	2,894,229	4.2	12.33
<b>Total</b>	<b>797</b>	<b>2,703,092</b>	<b>28.9</b>	<b>\$30,449,047</b>	<b>43.8</b>	<b>\$11.26</b>

(1) Reflects leases expiring on December 31, 2001 or which expired prior to such date but which have continued on a month-to-month basis.

**In-house Leasing and Property Management Program**

We believe that effective leasing is one of the primary components of successful asset management. We maintain close relationships with our tenants, properties and markets by employing six leasing representatives, who report to our vice president of leasing. In addition, three of our vice presidents are responsible for anchor leasing and relationships. Our primary goal is for each leasing representative to become an expert in his or her marketplace by becoming familiar with current tenants as well as potential local, regional and national tenants who would complement our current tenant mix.

We annually review the need to renovate and improve our properties in response to changing market conditions and to attract and retain our tenants. We maintain an aggressive redevelopment program under which we have renovated, expanded or retented at least five shopping centers during each of the last four years.



**Table of Contents***Historical Leasing Activity*

The following table reflects leasing activity in our portfolio beginning with the year ended December 31, 1999. As used in the table below, the term "expiring base rent" represents the last 12 months of base rent payable immediately prior to the expiration of the lease. The term "new base rent" represents the base rent payable for the first 12 months of the lease. Expiring base rent and new base rents do not include straight line rent adjustments, tenant improvements or leasing commissions.

	Year Ended December 31, 1999			Year Ended December 31, 2000			Year Ended December 31, 2001		
	Non-Anchors	Anchors	Total	Non-Anchors	Anchors	Total	Non-Anchors	Anchors	Total
<b>Summary of Expiring Leases:</b>									
Total Number of Scheduled Lease Expirations	102	4	106	171	9	180	118	3	121
Gross Leaseable Area (sq.ft.)	214,827	144,614	359,441	428,020	322,208	750,228	321,056	192,374	513,430
Average Base Rent/Sq.Ft. (\$/sq.ft.)	\$ 10.99	\$ 6.12	\$ 8.47	\$ 11.28	\$ 5.07	\$ 8.61	\$ 10.74	\$ 3.88	\$ 8.17
<b>Leases Renewed at Expiration:</b>									
Number of Leases	54	2	56	101	7	108	69	2	71
Gross Leaseable Area (sq.ft.)	112,286	67,260	179,546	259,142	273,108	532,250	168,162	157,374	325,536
Renewal Base Rent/Sq.Ft. (\$/sq.ft.)	\$ 11.77	\$ 6.29	\$ 9.71	\$ 12.49	\$ 5.22	\$ 8.76	\$ 12.11	\$ 3.07	\$ 7.74
Previous Base Rent/Sq.Ft. (\$/sq.ft.)	\$ 10.73	\$ 6.13	\$ 9.01	\$ 11.22	\$ 4.74	\$ 7.90	\$ 11.35	\$ 3.07	\$ 7.35
PSF Increase/(Decrease)	\$ 1.04	\$ 0.16	\$ 0.71	\$ 1.27	\$ 0.47	\$ 0.86	\$ 0.76	\$ 0.00	\$ 0.39
% Increase/(Decrease)	9.7%	2.6%	7.9%	11.3%	10.0%	10.9%	6.7%	0.0%	5.3%
<b>Leases Currently Month-to-Month or Under Negotiation for Renewal:</b>									
Number of Leases	17	1	18	24	0	24	16	0	16
Gross Leaseable Area (sq.ft.)	40,555	35,000	75,555	54,809	0	54,809	28,549	0	28,549
Current Base Rent/Sq.Ft. (\$/sq.ft.)	\$ 9.58	\$ 7.50	\$ 8.61	\$ 10.54	\$ 0.00	\$ 10.54	\$ 13.61	\$ 0.00	\$ 13.61
<b>Leases Ended at Expiration:</b>									
Number of Leases	31	1	32	46	2	48	33	1	34
Gross Leaseable Area (sq.ft.)	61,986	42,354	104,340	114,069	49,100	163,169	124,345	35,000	159,345
Base Rent/Sq.Ft. (\$/sq.ft.)	\$ 12.50	\$ 6.00	\$ 9.86	\$ 11.76	\$ 6.89	\$ 9.30	\$ 9.25	\$ 7.50	\$ 8.87
<b>Lease-Up of Vacant Space:</b>									
Number of Leases	60	14	74	70	5	75	64	8	72
Gross Leaseable Area (sq.ft.)	171,077	901,778	1,072,855	245,839	470,274	716,113	250,263	416,129	666,392
Base Rent/Sq.Ft. (\$/sq.ft.)	\$ 11.93	\$ 6.02	\$ 6.96	\$ 13.05	\$ 3.98(1)	\$ 7.09	\$ 11.54	\$ 8.05	\$ 9.36
% Increase/(Decrease) from Portfolio Average	13.1%	9.2%	(2.1)%	19.9%	(27.4)%	0.8%	2.5%	36.6%	25.8%
Portfolio Average Base Rent/Sq.Ft	\$ 10.55	\$ 5.51	\$ 7.11	\$ 10.88	\$ 5.48	\$ 7.04	\$ 11.26	\$ 5.89	\$ 7.44

(1) New leases for anchor tenants include three land leases with an average rental rate of \$3.20 per square foot.

**Employees**

At December 31, 2001, we employed 82 corporate employees, including six executives and two executive support personnel, 25 employees in asset management, nine employees in development and construction, two employees in acquisitions, 16 employees in financial and treasury services, 13 employees in lease administration, six employees in human resources and office services and three employees in information

services. In addition, at December 31, 2001, we employed 42 on-site shopping center maintenance personnel. None of our employees are unionized.

**Table of Contents**

**Insurance**

We carry all risk replacement cost insurance, commercial general liability insurance and pollution liability insurance on our properties. We believe that the coverage levels and types of insurance we currently maintain adequately protect us from the risk of loss, damage or destruction of our properties and from any potential liabilities associated with the operation of our business.

**Table of Contents****SELECTED FINANCIAL DATA**

The following selected financial data as of December 31, 1997, 1998, 1999, 2000 and 2001, and for each of the years in the five-year period ended December 31, 2001 have been derived from our audited financial statements, some of which appear elsewhere in this prospectus together with the report of Deloitte & Touche LLP, independent auditors. This selected financial data might not be a good indicator of our results for 2002. You should read the selected financial data together with our financial statements and notes to our financial statements and with Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

	Year Ended December 31,				
	1997	1998	1999	2000	2001
<b>Operating Data:</b>					
Revenues:					
Rental revenues	\$58,492	\$75,997	\$83,302	\$85,857	\$85,788
Fees and management income					2,485
Interest and other income	752	758	997	2,675	2,700
	<u>59,244</u>	<u>76,755</u>	<u>84,299</u>	<u>88,532</u>	<u>90,973</u>
Expenses:					
Real estate taxes	6,230	7,354	7,810	9,449	10,168
Recoverable operating expenses	11,462	12,763	14,391	15,104	14,286
Depreciation and amortization	8,216	12,189	13,311	15,274	17,083
Other operating	1,130	1,092	1,418	1,460	1,464
General and administrative	4,597	5,548	5,964	5,520	8,337
Interest expense	14,753	25,396	25,421	27,756	26,332
	<u>46,388</u>	<u>64,342</u>	<u>68,315</u>	<u>74,563</u>	<u>77,670</u>
Operating income	12,856	12,413	15,984	13,969	13,303
Earnings (loss) from unconsolidated entities	(314)	(304)	(204)	198	813
	<u>12,542</u>	<u>12,109</u>	<u>15,780</u>	<u>14,167</u>	<u>14,116</u>
Income before gain on sale of real estate and minority interest	12,542	12,109	15,780	14,167	14,116
Gain on sale of real estate			974	3,795	5,550
Minority interest	(3,344)	(3,451)	(4,915)	(4,942)	(5,803)
	<u>9,198</u>	<u>8,658</u>	<u>11,839</u>	<u>13,020</u>	<u>13,863</u>
Net income before cumulative effect of change in accounting principle	9,198	8,658	11,839	13,020	13,863
Cumulative effect of change in accounting principle				(1,264)	
	<u>\$ 9,198</u>	<u>\$ 8,658</u>	<u>\$ 11,839</u>	<u>\$ 11,756</u>	<u>\$ 13,863</u>
Net income	\$ 9,198	\$ 8,658	\$ 11,839	\$ 11,756	\$ 13,863
Net income available to common shareholders	<u>\$ 8,920</u>	<u>\$ 7,044</u>	<u>\$ 8,432</u>	<u>\$ 8,396</u>	<u>\$ 10,503</u>

**Table of Contents**

		Year Ended December 31,				
		1997	1998	1999	2000	2001
Basic and diluted earnings per share before cumulative effect of change in accounting principle:						
Basic		\$ 1.25	\$ 0.99	\$ 1.17	\$ 1.34	\$ 1.48
Diluted		\$ 1.25	\$ 0.98	\$ 1.17	\$ 1.34	\$ 1.47
Basic and diluted earnings per share after cumulative effect of change in accounting principle:						
Basic		\$ 1.25	\$ 0.99	\$ 1.17	\$ 1.17	\$ 1.48
Diluted		\$ 1.25	\$ 0.98	\$ 1.17	\$ 1.17	\$ 1.47
Weighted average shares outstanding:						
Basic		7,123	7,133	7,218	7,186	7,105
Diluted		7,148	7,165	7,218	7,187	7,125
<b>Pro Forma(1):</b>						
Pro forma amount assuming the change in accounting method for percentage rent revenue is applied retroactively:						
Net income (loss)		\$ 8,907	\$ 8,546	\$ 11,656	\$ 11,756	\$ 13,863
Basic earnings (loss) per share		\$ 1.25	\$ 0.97	\$ 1.14	\$ 1.17	\$ 1.48
Diluted earnings (loss) per share		\$ 1.25	\$ 0.97	\$ 1.14	\$ 1.17	\$ 1.47
<b>Other Data:</b>						
Funds from operations	Basic(2)	\$ 20,500	\$ 22,716	\$ 25,461	\$ 26,766	\$ 28,247
Funds from operations	Diluted(2)	20,778	24,330	28,868	30,126	31,607
Cash flows provided by (used in):						
Operating activities		17,026	16,794	23,954	17,126	24,556
Investing activities		(153,183)	(38,280)	(10,703)	(12,779)	5,774
Financing activities		137,649	21,003	(12,057)	(7,152)	(27,727)
Number of properties at end of period		50	54	54	56	57
Company owned GLA		8,372	9,029	9,213	10,043	9,789
Cash distributions declared per share		\$ 1.68	\$ 1.68	\$ 1.68	\$ 1.68	\$ 1.68
Occupancy rate		93.6%	93.1%	93.0%	93.7%	95.5%

**At December 31,**

		1997	1998	1999	2000	2001
<b>Balance Sheet Data:</b>						
Cash and cash equivalents		\$ 5,033	\$ 4,550	\$ 5,744	\$ 2,939	\$ 5,542
Accounts receivable net		6,035	9,864	12,791	15,954	17,627
Investment in real estate (before accumulated depreciation)		473,213	535,980	542,955	557,995	557,349
Total assets		484,682	544,404	550,506	560,284	552,729
Mortgages and notes payable		295,618	328,248	337,552	354,008	347,275
Total liabilities		314,436	348,727	358,662	374,439	371,167
Minority interest		42,282	48,535	48,396	47,301	48,157
Shareholders equity		127,964	147,142	143,448	138,544	133,405

(1) In 2000, we changed our method of accounting for percentage rental revenue in accordance with SEC Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements. See Note 12 in the accompanying financial statements.



**Table of Contents**

- (2) We generally consider funds from operations, also known as FFO, an appropriate supplemental measure of our financial performance because it is predicated on cash flow analyses. We have adopted the most recent National Association of Real Estate Investment Trusts definition of FFO, which was amended effective January 1, 2000. Under that definition, FFO represents income before minority interest, excluding extraordinary items, as defined under accounting principles generally accepted in the United States of America, gains on sales of depreciable property, plus real estate related depreciation and amortization (excluding amortization of financing costs), and after adjustments for unconsolidated partnerships and joint ventures. Our computation of FFO may, however, differ from the methodology for calculating FFO utilized by other real estate companies, and therefore, may not be comparable to these other real estate companies.

FFO does not represent cash generated from operating activities in accordance with accounting principles generally accepted in the United States of America and should not be considered an alternative to net income as an indication of our performance or to cash flows from operating activities as a measure of liquidity or our ability to pay distributions. Furthermore, while net income and cash generated from operating, investing and financing activities, determined in accordance with accounting principles generally accepted in the United States of America, consider capital expenditures which have been and will be incurred in the future, the calculation of FFO does not.

**Table of Contents**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following analysis of our financial condition and results of operations should be read together with the preceding section, "Selected Financial Data". Additionally, you should read and analyze our financial statements and notes to our financial statements, as well as other data included in this prospectus, in combination with the analysis below. See also the "Forward-Looking Statements" section. Dollars are in thousands.*

**Overview**

Our operating results are dependant primarily upon rental income received from tenants under existing leases. Our future success is dependent in part on our ability to collect rental payments, maintain occupancy and increase rental rates as leases expire. An economic slowdown could result in increases in our overall vacancy rates or declines in the rent we can charge to re-lease properties upon expiration of current leases.

**Critical Accounting Policies**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. It is our opinion that we fully disclose our significant accounting policies in the notes to our consolidated financial statements. Consistent with our disclosure policies we include the following discussion related to what we believe to be our most critical accounting policies that require our most difficult, subjective or complex judgment:

*Reserve for Bad Debts*

We provide for bad debt expense based upon the reserve method of accounting. Historically, we have provided approximately 0.5% of rental revenues as our annual bad debt reserve based on the level of bad debt we have experienced. Due to the economic downturn in the retail industry and the increase in the number of retail companies filing for bankruptcy protection (including Kmart Corporation during January 2002), we increased the bad debt expense to approximately 0.9% of rental revenue for the year ended December 31, 2001.

We continuously monitor the collectability of our accounts receivable (billed, unbilled and straight-line) from tenants and based on our judgment, adjust the allowance for bad debts as necessary. It is our policy to cease recording rental income from tenants when we believe such amounts would be uncollectible. Management believes the allowance is adequate to absorb currently estimated bad debts. However, if we experience bad debts in excess of the reserves we have established, our operating income would be reduced.

Bad debt expense amounted to \$735, \$330 and \$559 for the three years ended December 31, 2001, 2000 and 1999, respectively.

*Revenue Recognition*

Shopping center space is generally leased to retail tenants under leases which are accounted for as operating leases. We recognize minimum rents on the straight-line method over the terms of the leases, as required under Statement of Financial Accounting Standard No. 13. Certain of the leases also provide for additional revenue based on contingent percentage income which is recorded on an accrual basis once the specified target that triggers this type of income is achieved. The leases also typically provide for tenant recoveries of common area maintenance, real estate taxes and other operating expenses. These recoveries are recognized as revenue in the period the applicable costs are incurred.



## **Table of Contents**

Straight line rental income was greater than the current amount required to be paid by our tenants by \$2,135, \$3,383 and \$2,705 for the years ended December 31, 2001, 2000 and 1999, respectively. Accounts receivable include unbilled straight-line rent receivables of \$10,560 at December 31, 2001 and \$9,865 at December 31, 2000. Straight line rent receivable at December 31, 2001, includes approximately \$1,997 due from Kmart Corporation.

### *Real Estate*

We record real estate assets at the lower of cost or fair value if impaired. Costs incurred for the acquisition, development and construction of properties are capitalized. For redevelopment of an existing operating property, the undepreciated net book value plus the cost for the construction (including demolition costs) incurred in connection with the redevelopment are capitalized to the extent such costs do not exceed the estimated fair value when complete. To the extent such costs exceed the estimated fair value of such property, the excess is charged to expense.

We evaluate the recoverability of our investment in real estate whenever events or changes in circumstances indicate that the carrying amount of an asset may be impaired. Our assessment of recoverability of our real estate assets includes, but is not limited to recent operating results, expected net operating cash flow and our plans for future operations. For the years ended, December 31, 2001, 2000 and 1999, none of our assets were considered impaired.

During 2001, we have completed redevelopment projects aggregating approximately 212,300 square feet at a total cost of approximately \$9,100 at three of our shopping centers. We are currently expanding or redeveloping two shopping centers for a total cost of approximately \$12,000.

In 2002 we will begin the redevelopment of our Tel-Twelve shopping center from an enclosed regional mall to an open-air center for a total cost of approximately \$17,000. In connection with the redevelopment, we will demolish approximately 20% of the gross leasable area (133,000 square feet) of the shopping center and construct a 139,600 square foot building for a nationally recognized home improvement retailer.

### *Other Assets*

Other assets consist primarily of prepaid expenses, proposed development and acquisition costs, and financing and leasing costs which are amortized using the straight-line method over the terms of the respective agreements.

Proposed development and acquisition costs amounted to \$8,394 at December 31, 2001 and \$5,190 at December 31, 2000, and included our investment of \$5,140 in an entity that is currently developing a shopping center. The cost method is used to account for our investment in the entity because we do not have the ability to exercise significant influence over the investee's operating and financial policies.

Using our best estimates based on reasonable and supportable assumptions and projections, we review for impairment such assets whenever events or changes in circumstances indicate that the carrying amount of these assets might not be recoverable.

## **Result of Operations**

### *Comparison of Year Ended December 31, 2001 to Year Ended December 31, 2000*

Total revenue increased 2.8% or \$2,441 to \$90,973 for the year ended December 31, 2001 as compared to \$88,532 for the year ended December 31, 2000. Of the \$2,441

**Table of Contents**

increase, \$815 was the result of increased minimum rents. The sale of White Lake MarketPlace and Athens Town Center in 2001 resulted in a reduction of \$2,532 in minimum rents offset by a \$3,347 increase in minimum rents in our portfolio when compared to the year ended December 31, 2000.

Recoveries from tenants decreased \$581, or 2.4% to \$23,303 for the twelve months ended December 31, 2001, as compared to \$23,884 for the twelve months ended December 31, 2000. The overall recovery ratio was 95.3% for the year ended December 31, 2001, compared to 97.3% for the year ended December 31, 2000. The decline in this ratio is a result of decreased occupancy during redevelopment of four shopping centers and the sale of White Lake MarketPlace and Athens Town Center.

In January 2001, we sold White Lake MarketPlace to Pontiac Mall Limited Partnership for cash of \$20,200, resulting in a gain on sale of \$5,300. Various of our executive officers and trustees are partners in that partnership. The property was offered for sale utilizing the services of a national real estate brokerage firm, and we accepted the highest offer from an unrelated party. Subsequently, that party cancelled the agreement. Pontiac Mall Limited Partnership presented a comparable offer which resulted in more favorable economic benefits to us. The sale of the property was entered into upon the unanimous approval of the independent members of our Board of Trustees.

Since January 1, 2001, Ramco-Gershenson, Inc., our management company providing property management services to us and to other entities, has been consolidated in our financial statements. As of January 1, 2001, Ramco-Gershenson, Inc. elected to be a taxable real estate investment trust subsidiary for federal income tax purposes. In conjunction with the tax election, we entered into an option agreement to purchase the remaining voting common stock of Ramco-Gershenson, Inc. In prior years this entity was accounted for using the equity method of accounting. Fees and management income earned by Ramco-Gershenson, Inc. contributed \$2,485 to the increase in revenue for the year ended December 31, 2001.

For the twelve months ended December 31, 2001, percentage rents decreased \$303 to \$1,442, as compared to \$1,745 for the twelve months ended December 31, 2000. The decrease is the result of tenant changes associated with redevelopment projects and our efforts to convert percentage rent to higher minimum rent when renewing leases. Interest and other income increased \$25, to \$2,700 for the twelve months ended December 31, 2001.

Total expenses for the year ended December 31, 2001 increased 4.2%, or \$3,107 to \$77,670, compared to \$74,563 for the year ended December 31, 2000. The increase was due to a \$1,809 increase in depreciation and amortization; a \$2,817 increase in general and administrative expenses; and a \$4 increase in other operating expenses. The increase was offset by a \$99 decrease in total recoverable expenses, including real estate taxes, and a \$1,424 decrease in interest expense.

Depreciation and amortization increased 11.8% in 2001 to \$17,083 from \$15,274 in 2000. The increase is primarily due to the redevelopment projects completed during 2001 and amortization of leasing commissions and financing costs. The consolidation of Ramco-Gershenson, Inc. in 2001 contributed \$299 to the increase.

General and administrative expenses were \$8,337 and represented 9.2% of total revenue for the year ended December 31, 2001, as compared to \$5,520 and 6.2% of total revenue for the same period in 2000. The \$2,817 increase is principally attributable to consolidating Ramco-Gershenson, Inc. in our financial statements in 2001. Fee and management income of \$2,485 included in total revenue for the year ended December 31, 2001, were offset against our management fee paid to Ramco-Gershenson, Inc. prior to 2001.

Interest expense decreased \$1,424, from \$27,756 to \$26,332 for the twelve months ended December 31, 2001. The 5.1% decrease is the result of lower balances on our credit

**Table of Contents**

facility and mortgages as well as reduced interest rates, offset by a reduction in our capitalization of interest on development and redevelopment projects. Capitalized interest amounted to \$1,310 during the twelve months ended December 31, 2000, and related to construction of Auburn Mile and redevelopment projects, as compared to \$348 of capitalized interest for redevelopment projects for the same period in 2001. For the year ended December 31, 2001, weighted average interest rates decreased to 7.2% compared to 8.3% for the same period in 2000.

Earnings from unconsolidated entities increased \$615, from \$198 in 2000 to \$813 for the year ended December 31, 2001. Our share of Rossford Development LLC's income increased from \$24 in 2000 to \$262 in 2001. The two joint ventures we invested in during 2001 contributed \$15 to the increase. In addition, depreciation and amortization expense arising from our net basis in the unconsolidated entities' assets decreased by \$148 from \$267 in 2000 to \$119 for the year ended December 31, 2001.

During the year ended December 31, 2001, we completed \$29,045 in asset sales and recognized net gains of \$5,550. The sales of properties included White Lake MarketPlace and Athens Town Center, as well as the sale of four parcels of land.

The increase in minority interest is the result of higher income before minority interest for the twelve months ended December 31, 2001 when compared to the twelve months ended December 31, 2000.

*Comparison of Year Ended December 31, 2000 to Year Ended December 31, 1999*

Total revenue increased 5.0% or \$4,233 to \$88,532 for the year ended December 31, 2000, compared to \$84,299 for the year ended December 31, 1999. Of this increase, minimum rents increased by \$449, or 0.8%, to \$60,228 in 2000 from \$59,779 in 1999. Recoveries from tenants increased \$2,398 or 11.2% to \$23,884 for the year ended December 31, 2000, compared to \$21,486 for the year ended December 31, 1999.

The sale of Chester Springs and Rivertowne Square in August 1999 to RPT/ Invest, LLC and the disposition of Commack (Toys R Us) and Trinity Corners Shopping Center in December 1999 accounted for a reduction in minimum rent of \$3,066 for the year ended December 31, 2000. Development projects at White Lake MarketPlace and Auburn Mile contributed \$2,441 to minimum rent when compared to 1999. The balance of the increase in minimum rents is primarily attributable to five redevelopment projects completed during 2000.

Recoveries from tenants increased \$2,398, or 11.2%, and is primarily due to a higher level of recoverable operating expenses and real estate taxes associated with White Lake MarketPlace and Auburn Mile developments. The overall recovery ratio was 97.3% for the year ended December 31, 2000, compared to 96.8% for the year ended December 31, 1999.

For the twelve months ended December 31, 2000, percentage rents decreased \$292 to \$1,745, compared to \$2,037 for the twelve months ended December 31, 1999. This decrease is primarily the result of our initiative to convert tenants to higher minimum rent, reducing our reliance on percentage rents as a potential source of revenue. Interest and other income increased \$1,678, from \$997 for the twelve months ended December 31, 1999 to \$2,675. Lease termination fees were \$1,001 greater in the twelve months ended December 31, 2000 when compared to the same period in 1999 and kiosk license income increased \$255 for the period. Gain on sale of land options during the twelve months ended December 31, 2000 accounted for \$238 of the increase.

Total expenses for the year ended December 31, 2000 increased 9.1%, or \$6,248 to \$74,563, compared to \$68,315 for the year ended December 31, 1999. The increase was due to a \$2,352 increase in operating expenses, including recoverable operating expenses and real estate taxes, a \$1,963 increase in depreciation and amortization, a \$42 increase in other

**Table of Contents**

operating expenses, a \$2,335 increase in interest expense, and a \$444 decrease in general and administrative expenses.

Real estate taxes increased \$1,639, or 21.0%, from \$7,810 to \$9,449 for the year ended December 31, 2000. White Lake MarketPlace and Auburn Mile development projects contributed \$1,228 to the increase in real estate taxes when compared to 1999.

The \$1,963 increase in depreciation is primarily due to the redevelopment projects we completed during 2000 and amortization for current year additions of tenant improvements and leasing commissions. Depreciation and amortization for White Lake MarketPlace contributed \$286 to the increase.

General and administrative expenses were \$5,520 and represented 6.2% of total revenue for the year ended December 31, 2000, compared to \$5,964 and 7.1% of total revenue for the same period in 1999. The decrease is primarily attributable to a \$249 gain on sale of real estate recognized by Ramco-Gershenson Inc., one of our unconsolidated entities in 2000, and by increased leasing and developments fees earned by the unconsolidated entity, which reduced our reimbursement obligation.

Interest expense increased \$2,335, from \$25,421 to \$27,756 for the twelve months ended December 31, 2000. The 9.2% increase is the result of higher interest rates on variable rate debt for the twelve months ended December 31, 2000, increased borrowings on our credit facility and increased borrowings on the construction loans used to finance White Lake MarketPlace and the Auburn Mile developments.

Earnings from unconsolidated entities increased \$402, to \$198 in 2000 from a loss of \$204 in 1999. Improved operating results of the unconsolidated entities increased \$208, from \$257 in 1999 to \$465 for the year ended December 31, 2000. In addition, depreciation and amortization expense arising from our net basis in the unconsolidated entities' assets decreased by \$194 for the year ended December 31, 2000.

During the year ended December 31, 2000, we completed \$5,431 in asset sales and recognized net gains of \$3,795. The sales of properties included land parcels at Tel-Twelve Mall in April 2000 and Roseville Plaza in December 2000.

The increase in minority interest is the result of higher income before minority interest for the twelve months ended December 31, 2000 when compared to the twelve months ended December 31, 1999.

**Liquidity and Capital Resources**

We generated \$24,556 in cash from operating activities and \$5,774 from investing activities for the year ended December 31, 2001. Redevelopment of four shopping centers and improvements to existing properties used \$21,727 and additional investments in unconsolidated entities used \$2,469 during the year ended December 31, 2001. Proceeds from the sale of real estate provided \$29,045 during the year. Financing activities used \$27,727 during the twelve months ended December 31, 2001. Borrowings under our credit facility provided \$470, net of repayments of \$4,950, and repayments on construction loans used \$13,575. Cash distributions to shareholders, holders of operating partnership units, and dividends paid to preferred shareholders amounted to \$20,247.

**Table of Contents**

Following is a summary of our contractual cash obligations at December 31, 2001.

Contractual Obligations	Total	Payments Due by Period			
		Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
			(in thousands)		
Long-term debt	\$ 347,275	\$ 8,287	\$ 157,194	\$ 154,680	\$ 27,114
Operating leases	908	363	545		
Unconditional construction cost obligations	5,300	5,300			
Total contractual cash obligations	\$ 353,483	\$ 13,950	\$ 157,739	\$ 154,680	\$ 27,114

Our mortgages and notes payable amounted to \$347,275 at December 31, 2001 with a weighted average interest rate of 7.2%. The debt consists of 12 loans secured by various properties, plus one unsecured term loan and our credit facility, as described below. Ten of the mortgage loans amounting to \$195,290 have maturities ranging from 2006 to 2011, monthly payments which include regularly scheduled amortization, and have fixed interest rates ranging between 6.8% to 8.8%. One of the mortgage loans, evidenced by tax free bonds, amounting to \$6,560 and secured by Oak Brook Square Shopping Center, matures in 2010 and carries a floating interest rate equal to 75% of the new issue long term Capital A rated utility bonds, plus interest to the lender sufficient to cause the lender's overall yield on its investment in the bonds to be equal to 200 basis points over the applicable LIBOR rate (6.4% at December 31, 2001).

In April 2001, we executed a \$10,340 mortgage loan with LaSalle Bank N.A., secured by the property at Madison Shopping Center. The loan has a fixed interest rate of 7.5% and matures in May 2011.

In November 2001, we converted a construction loan to finance the Auburn Mile shopping center development located in Auburn Hills, Michigan to a new \$21,000 mortgage loan. The loan carries an interest rate of 200 basis points over LIBOR, an effective rate of 4.8% at December 31, 2001, and matures in September 2005.

Our credit facility bears interest between 162.5 and 225 basis points over LIBOR depending on certain debt ratios (effective interest rate of 6.6% at December 31, 2001) and matures in September 2003. The credit facility is secured by mortgages on various properties and contains financial covenants relating to liabilities-to-assets ratios, minimum operating coverage ratios and a minimum equity value. As of December 31, 2001, we were in compliance with the covenant terms.

Outstanding letters of credit issued under our credit facility amounted to \$818 at December 31, 2001.

Under the terms of our credit facility, we are required to maintain interest rate swap agreements to reduce the impact of changes in interest rates on our variable rate debt. We have interest rate swap agreements with an aggregate notional amount of \$75,000 at December 31, 2001. Based on rates in effect at December 31, 2001, the agreements provide for fixed rates ranging from 7.0% to 8.3% and expire on various dates through March 2004. We are exposed to credit loss in the event of non-performance by the counter party to the interest rate swap agreements; however, we do not anticipate non-performance by the counter party.

After taking into account the impact of converting our variable rate debt into fixed rate debt by use of interest rate swap agreements, at December 31, 2001, our variable rate debt accounted for approximately \$77.0 million of outstanding debt with a weighted average interest rate of 5.1%. Variable rate debt accounted for approximately 22.2% of our total debt and 14.2% of our total capitalization.

**Table of Contents**

Our debt to total market capitalization (our debt plus the market value of our equity) ratio was 64.3% at December 31, 2001.

The properties in which Ramco-Gershenson Properties, L.P., our operating partnership, owns an interest and which we account for using the equity method of accounting are subject to non-recourse mortgage indebtedness. At December 31, 2001, our pro rata share of non-recourse mortgage debt of these properties held by unconsolidated entities was \$25,796, with a weighted average interest rate of 6.2%.

The mortgage loans (other than our credit facility) encumbering our properties, including properties held by our unconsolidated joint ventures, are generally non-recourse, 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 of such events, such as fraud or filing of a bankruptcy petition by the borrower, we would be liable for the entire outstanding balance of the loan, all accrued interest and certain other costs, penalties and expenses.

With respect to the Crossroads Centre shopping center, which is owned by a joint venture in which we have a 10% interest, we have guaranteed to the joint venture the completion of the center by October 17, 2002, and we have entered into a master lease with the joint venture under which we are obligated to provide net operating income sufficient to provide a 1.2 to 1.0 debt service coverage ratio. In the event that the center is not completed by the scheduled completion date, we would be obligated to the joint venture for any damages it incurs due to such failure. We believe that the construction of the center has been substantially completed in accordance with the terms of our agreement. We have the option to purchase the Crossroads Centre shopping center from the joint venture, exercisable by notice on or before July 16, 2002, and if we do not exercise this option, we will be obligated to make a payment of \$3.3 million to the 90% owner of this joint venture on July 17, 2002.

Our capital structure at December 31, 2001 includes property-specific mortgages, an unsecured term loan, our credit facility, our series A preferred shares, our common shares and the minority interest in our operating partnership. At December 31, 2001, the minority interest in our operating partnership represented a 29.3% ownership interest in the operating partnership which may, under certain conditions, be exchanged for an aggregate of 2,944,977 of our common shares.

At December 31, 2001, the units in our operating partnership were exchangeable for our common shares on a one-for-one basis. As the sole general partner of our operating partnership, we have the option, but not the obligation, to settle exchanged units in our operating partnership in cash based on the current trading price of our common shares. Assuming the exchange of all limited partnership interests in our operating partnership, there would have been 10,036,503 of our common shares outstanding at December 31, 2001, with a market value of approximately \$161,086 at December 31, 2001 (based on the closing price of \$16.05 per common share on December 31, 2001).

The principal uses of our liquidity and capital resources are for acquisitions, development and redevelopment, including expansion and renovation programs, and debt repayment. To maintain our qualification as a REIT under the Internal Revenue Code, we are required to distribute to our shareholders at least 90% of our adjusted REIT taxable income (as defined in the Internal Revenue Code).

## **Table of Contents**

We have historically funded, and may continue to fund, some of our acquisition and development activities by entering into joint venture transactions with third parties in which we own 50% or less of the joint venture entity.

As part of our business plan to improve our capital structure and reduce debt, we will continue to pursue the strategy of selling fully-valued properties and to dispose of shopping centers that no longer meet the criteria established for our portfolio. Our ability to obtain acceptable selling prices and satisfactory terms will impact the timing of future sales. Net proceeds from the sale of properties are expected to reduce outstanding debt.

The conversion of our Tel-Twelve shopping center from an enclosed regional mall to an open-air center is currently in process along with the redevelopment of the Shoppes of Lakeland. These redevelopments will include demolition and rebuilding of a portion of Tel-Twelve, as well as retenanting of the Shoppes of Lakeland. As a result of reduced rental income during the redevelopment period, it is our estimate that net income will decrease by approximately \$3,400 for these two centers for the year ended December 31, 2002.

We anticipate that the combination of the availability under our credit facility, possible equity offerings, the sale of existing properties, and potential new debt will satisfy our expected working capital requirements through at least the next 12 months. We anticipate adequate liquidity for the foreseeable future to fund future developments, expansions and repositionings, to continue our currently planned capital programs and to make distributions to our shareholders in accordance with the Internal Revenue Code's requirements applicable to REITs. Although we believe that the combination of factors discussed above will provide sufficient liquidity, no such assurance can be given.

## **Sensitivity Analysis**

We are exposed to interest rate risk on our variable rate debt obligations. Based on our debt, interest rates and the interest rate swap agreements in effect at December 31, 2001, a 100 basis point change in interest rates would affect our earnings and cash flows by approximately \$768.

## **Funds From Operations**

We generally consider funds from operations, also known as FFO, an appropriate supplemental measure of our financial performance because it is predicated on cash flow analyses. We have adopted the most recent National Association of Real Estate Investment Trusts definition of FFO, which was amended effective January 1, 2000. Under that definition, FFO represents income before minority interest, excluding extraordinary items, as defined under accounting principles generally accepted in the United States of America, gains on sales of depreciable property, plus real estate related depreciation and amortization (excluding amortization of financing costs), and after adjustments for unconsolidated partnerships and joint ventures. Our computation of FFO may, however, differ from the methodology for calculating FFO utilized by other real estate companies, and therefore, may not be comparable to these other real estate companies.

FFO does not represent cash generated from operating activities in accordance with accounting principles generally accepted in the United States of America and should not be considered an alternative to net income as an indication of our performance or to cash flows from operating activities as a measure of liquidity or our ability to pay distributions. Furthermore, while net income and cash generated from operating, investing and financing activities, determined in accordance with accounting principles generally accepted in the United States of America, consider capital expenditures which have been and will be incurred in the future, the calculation of FFO does not.

**Table of Contents**

The following table illustrates the calculation of FFO for the years ended December 31, 1999, 2000 and 2001:

	Year Ended December 31,		
	1999	2000	2001
	(in thousands)		
Net Income	\$ 11,839	\$ 11,756	\$ 13,863
Less: Gain on sale of property(1)	(1,225)	(3,420)	(5,207)
Add: Depreciation and amortization	13,339	15,584	17,148
Cumulative effect of change in accounting principle		1,264	
Minority interest in partnership	4,915	4,942	5,803
Funds from operations diluted	28,868	30,126	31,607
Less: Preferred share dividends	(3,407)	(3,360)	(3,360)
Funds from operations basic	\$ 25,461	\$ 26,766	\$ 28,247
Weighted average equivalent shares outstanding(2)			
Basic	10,170	10,131	10,050
Diluted	12,170	12,132	12,070
Supplemental disclosure:			
Straight-line rental income	\$ 2,705	\$ 3,383	\$ 2,135
Amortization of management contracts and covenants not to compete	\$ 422	\$ 224	\$ 224

(1) Includes \$251 gain on sale of property of an unconsolidated entity in 1999 and excludes gain on sale of undepreciated land of \$375 in 2000 and \$343 in 2001.

(2) For basic, represents the weighted average total shares outstanding, assuming the redemption of all units in our operating partnership for common shares. For diluted, represents the weighted average total shares outstanding, assuming the redemption of all units in our operating partnership for common shares, the series A preferred shares converted to common shares and the common shares issuable under the treasury stock method upon exercise of stock options.

**Capital Expenditures**

During 2001, we spent approximately \$6,193 on revenue-generating capital expenditures, including tenant allowances, leasing commissions paid to third-party brokers, legal costs relative to lease documents and capitalized leasing and construction costs. These types of costs generate a return through rents from tenants over the term of their leases. Revenue-enhancing capital expenditures, including expansions, renovations and repositionings, were approximately \$12,884.

**Impact of Recent Accounting Pronouncements**

In June 2001, the Financial Accounting Standards Board, also known as the FASB, issued Statement of Financial Accounting Standard No. 141, Business Combinations. This statement requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. This statement prohibits the use of the pooling-of-interests method of accounting for business combinations. We do not expect the provisions of this statement to have a material impact on our consolidated financial statements.

The FASB issued Statement of Financial Accounting Standard No. 142, Goodwill and Other Intangible Assets (SFAS 142) in June 2001. This statement changes the accounting for the amortization of goodwill and other intangible assets acquired in a business combination from an amortization method to an impairment-only method. The implementation of this



**Table of Contents**

statement may require the use of significant judgment to determine how to measure the fair value of intangible assets. We do not expect the provisions of this statement to have a material impact on our consolidated financial statements. We will adopt SFAS 142 as required for our first quarterly filing of our 2002 fiscal year.

In August 2001, the FASB issued Statement of Financial Accounting Standard No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS 144). This statement supersedes FASB Statement No. 122, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. SFAS 144 requires an impairment loss to be recognized if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. This statement requires the use of one of two present value techniques to measure the fair value of an asset. In addition, this statement would require us to account for the sale of shopping centers as discontinued operations and not as part of our ongoing operations. We do not expect SFAS 144 to have a material impact on our consolidated financial statements, and SFAS 144 is effective as of January 1, 2002.

Effective January 1, 2001, we adopted Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS 133). This statement, as amended, requires us to measure all derivatives at fair value and to recognize them in our consolidated balance sheet as an asset or liability, depending on our rights and obligations under each derivative contract. If the derivative is designated as a cash flow hedge, the effective portions of change in the fair value of the derivative are deferred and recorded as a component of other comprehensive income until the hedged transactions occur and are recognized in earnings. If the derivative is designated as a fair value hedge, the changes in fair value of the derivative and the ineffective portion of a hedged derivative are recognized in earnings in the current period. The adoption of SFAS 133 resulted in a transition adjustment in other comprehensive income (loss) of \$348 as of January 1, 2001. This is attributable to fair value losses on interest rate swap agreements designated as cash flow hedges. For the year ended December 31, 2001, the change in fair market value of our interest rate swap agreements increased other comprehensive loss by \$2,831, to \$3,179.

**Table of Contents****INDEBTEDNESS OUTSTANDING AFTER THIS OFFERING****Credit Facility**

We maintain a credit facility through Fleet National Bank, with which we have a 35-year relationship, allowing us to borrow up to \$110.0 million, which is secured by mortgages on various properties that have an approximate net book value of \$164.7 million as of December 31, 2001. As of December 31, 2001, \$102.3 million was outstanding under this credit facility. The credit facility expires in September 2003 and could be terminated by our lenders upon the occurrence of customary events of default. We use our credit facility to fund our acquisition, development and redevelopment activities as well as for general corporate purposes. The interest rate on this credit facility varies between 162.5 and 225.0 basis points over LIBOR depending on certain debt ratios and was 200.0 basis points over LIBOR at December 31, 2001.

**Unsecured Term Loan**

We have an unsecured term loan from Fleet National Bank under which \$22.1 million was outstanding as of December 31, 2001. This term loan requires principal payments of \$875,000 each on March 31, 2002, June 30, 2002 and September 30, 2002 and quarterly principal payments of \$1,125,000 each beginning on December 31, 2002 until maturity in September 2003, and could be terminated by our lenders upon the occurrence of customary events of default. The interest rate on our term loan varies between 325.0 and 450.0 basis points over LIBOR depending on certain debt ratios and was 400.0 basis points over LIBOR at December 31, 2001.

**Mortgage Indebtedness**

As of December 31, 2001, we had the following outstanding mortgage indebtedness (other than the secured credit facility described above):

<b>Property Securing Loan</b>	<b>Principal Balance as of 12/31/01</b>	<b>Maturity Date(1)</b>	<b>Balance Due At Maturity(2)</b>	<b>Interest Rate</b>
Eight property portfolio	\$71,816,805	January 2006	\$65,143,737	8.3%
Seven property portfolio	47,891,484	December 2007(3)	43,480,830	6.8%
Ten property portfolio	24,636,467	January 2006	23,164,920	8.8%
Auburn Mile	21,000,000	September 2005	8,800,000	4.8%(7)
Aquia Town Center	14,643,590	March 2008(4)	13,242,747	7.4%
Madison Shopping Center	10,294,156	May 2011(5)	9,152,743	7.5%
Jackson West	7,635,669	January 2006	6,464,078	7.2%
Oakbrook Square	6,560,000	January 2010	3,120,000	