INLAND WESTERN RETAIL REAL ESTATE TRUST INC
Form S-11/A
December 16, 2011
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As filed with the Securities and Exchange Commission on December 16, 2011

Registration No. 333-172237

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 4 to

Form S-11

FOR REGISTRATION UNDER THE SECURITIES ACT OF 1933

OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

INLAND WESTERN RETAIL

REAL ESTATE TRUST, INC.

(Exact Name of Registrant as Specified in its Governing Instruments)

2901 Butterfield Road

Oak Brook, Illinois 60523

(630) 218-8000

(Address, Including Zip Code, and Telephone Number, including Area Code, of Registrant s Principal Executive Offices)

Steven P. Grimes

Chief Executive Officer

Inland Western Retail Real Estate Trust, Inc.

2901 Butterfield Road

Oak Brook, Illinois 60523

(630) 218-8000

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

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Boston, MA 02109	**Oak Brook, Illinois 60523**	**Washington, DC 20004**
(617) 570-1000	**(630) 218-8000**	**(202) 637-5600**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

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, 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, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

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 this form is a post-effective amendment filed pursuant to Rule 462(d) 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, check the following box. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

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, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

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The information in this 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 effective. This prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 16, 2011

PROSPECTUS

Shares

Class A Common Stock

Inland Western Retail Real Estate Trust, Inc. is a fully integrated, self administered and self-managed real estate company that owns and operates high quality, strategically located shopping centers across 35 states. We are one of the largest owners and operators of shopping centers in the United States.

We are offering shares of our Class A Common Stock as described in this prospectus. All of the shares of Class A Common Stock offered by this prospectus are being sold by us. We currently expect the public offering price to be between $ and $ per share. We have applied to have our Class A Common Stock listed on the New York Stock Exchange, or the NYSE, under the symbol IWST . Currently, our Class A Common Stock is not traded on a national securities exchange, and this will be our first listed public offering.

We are a Maryland corporation, and we have elected to qualify as a real estate investment trust, or REIT, for U.S. federal income tax purposes. Shares of our Class A Common Stock are subject to ownership limitations that are primarily intended to assist us in maintaining our qualification as a REIT. Our charter contains certain restrictions relating to the ownership and transfer of our Class A Common Stock, including, subject to certain exceptions, a 9.8% ownership limit of common stock by value or number of shares, whichever is more restrictive. See Description of Capital Stock Restrictions on Ownership and Transfer beginning on page 149 of this prospectus.

Investing in our Class A Common Stock involves risk. See Risk Factors beginning on page 17 of this prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

We have granted the underwriters the option to purchase an additional shares of our Class A Common Stock on the same terms and conditions set forth above within 30 days after the date of this prospectus solely to cover overallotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of our Class A Common Stock on or about , 2011.

J.P. Morgan Citi Deutsche Bank Securities KeyBanc Capital Markets

The date of this prospectus is , 2011.

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[PICTURE, TEXT AND/OR GRAPHICS FOR INSIDE COVER]

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You should rely only upon the information contained in this prospectus, or in any free writing prospectus prepared by us or information to which we have referred you. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date, regardless of the time of delivery of this prospectus or of any sale of our Class A Common Stock. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates. We will update this prospectus as required by law.

We use market data throughout this prospectus. We have obtained the information under Prospectus Summary Industry Overview and Industry Overview from the market study prepared for us by Rosen Consulting Group, or Rosen, a nationally recognized real estate consulting firm, and such information is included in this prospectus in reliance on Rosen s authority as an expert in such matters. See Experts. In addition, we have obtained certain market data from publicly available information and industry publications. These sources generally state that the information they provide has been obtained from sources believed to be reliable, but the accuracy and completeness of the information are not guaranteed. The forecasts and projections are based on industry surveys and the preparers experience in the industry, and there is no assurance that any of the projections or forecasts will be achieved. We believe that the surveys and market research others have performed are reliable, but we have not independently verified this information.

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On February 24, 2011, our shareholders approved an amendment and restatement of our charter that is intended to facilitate the listing of our Class A Common Stock on the NYSE. The amendment and restatement of our charter will become effective upon the filing of the amendment and restatement of our charter with the Maryland State Department of Assessments and Taxation. We expect to file the proposed amendment and restatement of our charter prior to the completion of this offering. Unless otherwise indicated, the information contained in this prospectus assumes that the amendment and restatement of our charter has become effective.

Recapitalization

Prior to the completion of this offering, we intend to declare a stock dividend pursuant to which each then outstanding share of our common stock will receive:

- one share of our Class B-1 Common Stock; plus
- one share of our Class B-2 Common Stock; plus
- one share of our Class B-3 Common Stock.

In connection with this stock dividend, we intend to redesignate our then outstanding common stock as Class A Common Stock. Prior to the declaration of the stock dividend, we intend to effectuate a to one reverse stock split of our common stock outstanding.

In this prospectus, we refer to these transactions as the Recapitalization, we refer to Class B-1 Common Stock, Class B-2 Common Stock and Class B-3 Common Stock collectively as our Class B Common Stock, and we refer to Class A and Class B Common Stock collectively as our common stock. We are offering our Class A Common Stock in this offering, and we intend to list our Class A Common Stock on the NYSE. Our Class B Common Stock will be identical to our Class A Common Stock except that (i) we do not intend to list our Class B Common Stock on a national securities exchange and (ii) shares of our Class B Common Stock will convert automatically into shares of our Class A Common Stock at specified times. Subject to the provisions of our charter, shares of our Class B-1, Class B-2 and Class B-3 Common Stock will convert automatically into shares of our Class A Common Stock months following the Listing, months following the Listing and months following the Listing, respectively. On the month anniversary of the listing of our Class A Common Stock on the NYSE (the Listing), all shares of our Class B Common Stock will have converted into our Class A Common Stock. The terms of our Class A and Class B Common Stock are described more fully under Description of Capital Stock in this prospectus.

The Recapitalization also will have the effect of reducing the total number of outstanding shares of our common stock. As of December 9, 2011, without giving effect to the Recapitalization, we had approximately 483.8 million shares of common stock outstanding. As of December 9, 2011, after giving effect to the Recapitalization, we would have had an aggregate of approximately shares of our Class A and Class B Common Stock outstanding, divided equally among our Class A, Class B-1, Class B-2 and Class B-3 Common Stock.

The Recapitalization will be effected prior to the completion of this offering. Unless otherwise indicated, all information in this prospectus gives effect to, and all share and per share amounts have been retroactively adjusted to give effect to, the Recapitalization. Unless otherwise indicated, share and per share amounts have not been adjusted to give effect to any exercise by the underwriters of their option to purchase up to shares of our Class A Common Stock solely to cover overallotments, if any.

In this prospectus:

- annualized base rent as of a specified date means monthly base rent as of the specified date, before abatements, under leases which have commenced as of the specified date multiplied by 12. Annualized base rent (i) does not include tenant reimbursements or expenses borne by the tenants in triple net or modified gross leases, such as the expenses for real estate taxes and insurance and common area and other operating expenses, (ii) does not reflect amounts due per percentage rent lease terms, where applicable, and (iii) is calculated on a cash basis and differs from how we calculate rent in accordance with generally accepted accounting principles in the United States of America, or GAAP, for purposes of our financial statements;

community center means a shopping center that we believe meets the International Council of Shopping Centers s, or ICSC s, definition of community center. ICSC, generally, defines a community center as a shopping center similar to a neighborhood center, defined below, but which offers a wider range of apparel and other soft goods than a neighborhood center. Community centers are usually configured as a strip, or may be laid out in an L or U shape, and are commonly anchored by supermarkets, super drugstores and discount department stores;

lifestyle center means a shopping center that we believe meets ICSC s definition of lifestyle center. ICSC, generally, defines a lifestyle center as a shopping center that is most often located near affluent residential neighborhoods and caters to the retail needs and lifestyle pursuits of consumers in its trading area. Lifestyle centers typically have open-air configurations, include at least 50,000 square feet of retail space occupied by upscale national chain specialty stores and include other elements serving its role as a multi-purpose leisure-time destination, such as restaurants and entertainment;

neighborhood center means a shopping center that we believe meets ICSC s definition of neighborhood center. ICSC, generally, defines a neighborhood center as a shopping center designed to provide convenience shopping for the day-to-day needs of consumers in the immediate neighborhood, which is usually configured as a straight-line strip with parking in the front and no enclosed walkway or mall area. Neighborhood centers are frequently anchored by a grocer or drug store and supported by stores offering drugs, sundries, snacks and personal services;

power center means a shopping center that we believe meets ICSC s definition of power center. ICSC, generally, defines a power center as a shopping center dominated by several large anchors, including discount department stores, off-price stores, warehouse clubs, or category killers, i.e., stores that offer tremendous selection in a particular merchandise category at low prices. Power centers typically consist of several anchors, some of which may be freestanding (unconnected) and only a minimum amount of small specialty tenants; and

shadow anchors means one or more retailers situated on parcels that are owned by unrelated third parties but, due to their location within or immediately adjacent to our shopping center, to the consumer appear as another retail tenant of the shopping center and, as a result, attract additional customer traffic to the center.

Unless otherwise indicated, references in this prospectus to our properties or portfolio include information with respect to properties held by us on a consolidated basis as of September 30, 2011. Information with respect to our operating properties excludes non-stabilized operating properties, which are properties that have not achieved 90% or greater occupancy since their development and have been operational for less than one year.

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PROSPECTUS SUMMARY

This summary highlights some of the information in this prospectus. It does not contain all of the information that you should consider before investing in our Class A Common Stock. You should read carefully the more detailed information set forth under the heading Risk Factors and the other information included in this prospectus. Except where the context suggests otherwise, the terms our company, we, us and our refer to Inland Western Retail Real Estate Trust, Inc., a Maryland corporation, together with its consolidated subsidiaries. Unless otherwise indicated, the information contained in this prospectus assumes that the Class A Common Stock to be sold in the offering is sold at $ per share, the midpoint of the pricing range set forth on the cover page of this prospectus, and that the underwriters do not exercise their option to purchase up to an additional shares solely to cover overallotments, if any. Unless otherwise indicated, all property information contained in this prospectus is for our retail operating properties as of September 30, 2011 excluding seasonal leases.

Company Overview

We are one of the largest owners and operators of shopping centers in the United States. As of September 30, 2011, our retail operating portfolio consisted of 263 properties with 34.8 million square feet of gross leasable area, or GLA. Our retail operating portfolio is geographically diversified across 35 states and includes power centers, community centers, neighborhood centers and lifestyle centers, as well as single-user retail properties. Our retail properties are primarily located in retail districts within densely populated areas in highly visible locations with convenient access to interstates and major thoroughfares. Our retail properties have a weighted average age, based on annualized base rent, of only approximately 9.6 years since the initial construction or most recent major renovation. As of September 30, 2011, our retail operating portfolio was 88.6% leased, including leases signed but not commenced. In addition to our retail operating portfolio, as of September 30, 2011, we also held interests in 15 office and industrial operating properties, including 12 office properties and three industrial properties, two non-stabilized operating properties, 22 retail operating properties held by three unconsolidated joint ventures and four retail properties under development.

Our shopping centers are primarily anchored or shadow anchored by strong national and regional grocers, discount retailers and other retailers that provide basic household goods or clothing, including Target, TJX Companies, PetSmart, Best Buy, Bed Bath & Beyond, Home Depot, Kohl s, Wal-Mart, Publix and Lowe s. As of September 30, 2011, over 90% of our shopping centers, based on GLA, were anchored or shadow anchored by a grocer, discount department store, wholesale club or retailers that sell basic household goods or clothing. Overall, we have a broad and highly diversified retail tenant base that includes approximately 1,500 tenants with no one tenant representing more than 3.3% of the total annualized base rent generated from our retail operating properties, or our retail annualized base rent.

We are a client-focused organization, maintaining very active relationships with our key tenants. We have 19 property management offices strategically located across the country and over 180 employees primarily dedicated to our leasing, asset management and property management activities. Our senior management team applies a hands-on approach to leasing our portfolio and is supported by over 80 property managers and senior leasing agents who have an average of 15 years of experience in the industry. We believe that the size and scale of our property management and leasing organization, the breadth of our tenant relationships and the scale of our retail portfolio provides us with a competitive advantage in dealing with national and large regional grocers and retailers. Through the efforts of our leasing team since the beginning of 2009, we have renewed approximately 75% of our expiring leases based on GLA at aggregate base rental rates that reflected comparatively small decreases from the base rental rates of the expiring leases and have signed 500 new leases for 4.2 million square feet of GLA, representing 12.0% of the total GLA in our retail operating portfolio.

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Competitive Strengths

We believe that we distinguish ourselves from other owners and operators of shopping centers through the following competitive strengths:

Large, Diversified, High Quality Retail Portfolio

We own a national portfolio of high quality retail properties that is well diversified both geographically and by property type. We have retail operating properties in 35 states with no one metropolitan statistical area, or MSA, accounting for more than 4.6% of our retail annualized base rent, other than the Dallas-Fort Worth-Arlington area, which accounts for 14.5% of our retail annualized base rent. Our retail operating portfolio is also well diversified by type, including 64 power centers with 15.5 million square feet of GLA, 60 community centers with 9.2 million square feet of GLA, 44 neighborhood centers with 3.3 million square feet of GLA and seven lifestyle shopping centers with 3.3 million square feet of GLA, as well as 88 single-user retail properties with 3.5 million square feet of GLA and two non-stabilized operating properties. We believe the size and scale of our retail portfolio gives us an advantage in working with national and large regional grocers and retailers, as we offer many potential locations within a selected area from which to choose and can address multiple needs for space in different geographic areas for tenants with multiple locations.

Our shopping centers are well located within strong retail districts in densely populated areas. They have high quality anchors and shadow anchors that consistently drive traffic to our centers and make them more attractive to other potential tenants. Consistent with our entire retail operating portfolio, our shopping centers are also generally recently constructed, which makes them more appealing to shoppers and potential tenants and reduces redevelopment and renovation costs. As of September 30, 2011, 66.1% of our shopping centers, based on annualized base rent, were located in the 50 largest MSAs. These shopping centers are positioned in highly attractive markets with favorable demographics, including a weighted average population of 92,939, expected population growth of 7.4% per year and household income of approximately $83,412 within a three-mile radius, based on information derived and interpreted by us as a result of our own analysis from data provided by The Nielsen Company. We believe our shopping centers located in markets outside of the 50 largest MSAs are among the most attractive shopping centers in each of the markets in which they are located based on location, age and overall quality. As of September 30, 2011, approximately 89.1% of these shopping centers, based on annualized base rent, are anchored or shadow anchored by either Best Buy (13 locations), Target (11 locations), Home Depot (ten locations), Kohl s (ten locations), Wal-Mart (five locations), Lowe s (three locations), or a national or regional grocer, such as Publix (nine locations), Stop & Shop (three locations), Kroger (four locations) and Giant Foods (one locations).

Diversified Base of Value-Oriented Retail Tenants

Our retail portfolio has a broad and highly diversified tenant base that primarily consists of grocers, drug stores, discount retailers and other retailers that provide basic household goods or services. As of September 30, 2011, our total retail tenant base included approximately 1,500 tenants with over 3,100 leases at our retail properties, and our largest shopping center tenants include Best Buy, TJX Companies, Stop & Shop, Bed Bath & Beyond, Home Depot, PetSmart, Ross Dress for Less, Kohl s, Wal-Mart and Publix. As of September 30, 2011, no single retail tenant represented more than 3.3% of our retail annualized base rent, and our top 20 retail tenants, with 398 locations across our portfolio, represented an aggregate of 37.2% of our retail annualized base rent. Additionally, the financial strength of our tenants enhances the quality of our retail portfolio, as seven of our top ten retail tenants have investment grade credit ratings. We believe that maintaining a diversified tenant base with a value-oriented focus limits the impact of economic cycles and our exposure to any single tenant.

We generally have long-term leases with our tenants. As of September 30, 2011, the weighted average lease term of our existing retail leases, based on annualized base rent, was 6.2 years, with leases constituting less than

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19.7% of our retail annualized base rent expiring before 2014. We believe the limited near-term expirations of our existing retail leases will allow us to more aggressively pursue leasing of space that is currently vacant and provide for more stable cash flows from operations.

Demonstrated Leasing and Property Management Platform

We believe that our national leasing platform overseen by our focused executive team dedicated to leasing provides us with a distinct competitive advantage. Our executive team applies a hands-on approach and capitalizes upon a network of relationships to aggressively lease-up vacant space, maintain high tenant retention rates and creatively address the needs of our retail properties. Since the beginning of 2009, we have demonstrated our leasing capabilities through our success in addressing 3.2 million square feet of vacant space in our portfolio created by the bankruptcies of Mervyns, Linens n Things and Circuit City in 2008. Primarily as a result of these vacancies, the percentage of our retail operating portfolio that was leased decreased from 96.8% as of December 31, 2007. However, as a result of our strong leasing platform, as of September 30, 2011, we have been able to lease approximately 2.1 million square feet of this vacant space, primarily to existing tenants, and in total we have leased, sold or are in negotiations for 2.6 million square feet, or 81.2%, of the 3.2 million square feet of GLA that was vacated as a result of these bankruptcies.

As a large, national owner of retail properties, we believe that we offer national and large regional grocers and retailers a greater level of service and credibility with respect to property management than our smaller competitors. We believe that tenants value our commitment to consistently maintain the high standards of our retail properties through our in-house handling of property management and day-to-day operational functions, which has translated into tenant retention rates of approximately 75%, based on expiring GLA, since the beginning of 2009.

Capital Structure Positioned for Growth

Upon completion of this offering, our aggregate indebtedness will consist primarily of fixed rate debt, which will have staggered maturities and a weighted average maturity of approximately years based on balances as of September 30, 2011, as adjusted for our recently amended and restated credit agreement and the completion of this offering and the application of proceeds from both. We also will have a conservative leverage structure with less than $ million of debt maturing in any one year, a weighted average interest rate of % per annum and $ million of availability under our $435.0 million senior secured line of credit. Overall, we believe our capital structure will provide us with significant financial flexibility to fund future growth.

Experienced Management Team with a Proven Track Record

Our senior management team has on average over 23 years of real estate industry experience through several real estate, credit and retail cycles. They have worked together for the past five years and have proven themselves by successfully managing our large, geographically diverse portfolio through the severe economic recession that began in December 2007. Since the beginning of 2009, without accessing the public equity markets, we refinanced or repaid $3.2 billion of indebtedness, greater than 68% of our total indebtedness at the beginning of 2009, in severely constrained credit markets and in the process reduced our total indebtedness by over $1.1 billion. Our senior management team also has significant transactional experience, having acquired, disposed of, contributed to joint ventures and developed billions of dollars of real estate throughout their careers. We believe that our senior management team s property management, leasing and operating expertise, combined with their acquisition and financing experience, provide us with a distinct competitive advantage.

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Business and Growth Strategies

Our primary objective is to provide attractive risk-adjusted returns for our shareholders by increasing our cash flow from operations and realizing long-term growth strategies. The strategies we intend to execute to achieve this objective include:

Maximize Cash Flow Through Internal Growth

We believe that we will be able to generate cash flow growth through the leasing of vacant space in our retail operating portfolio. As of September 30, 2011, our retail operating portfolio was 88.6% leased, including leases signed but not commenced, and had 4.0 million square feet of available space, including a significant amount of space that was previously occupied by big box anchor and junior anchor tenants. As of September 30, 2011, we had approximately 820,000 square feet of GLA of signed leases that had not commenced, representing a total of approximately $9.7 million of annualized base rent that will increase our future cash flows. We believe the leasing of our vacant space provides a significant growth opportunity for our shareholders, particularly in light of the expansion plans that have been announced by a number of our largest retail tenants. In addition, as of September 30, 2011, 42.1% of the leases in our retail operating portfolio, based on annualized base rent, contained contractual rent increases, which will increase future cash flows.

Asset Preservation and Appreciation through Creative Transactions

We actively manage our portfolio focusing primarily on leasing opportunities, while also taking into account redevelopment, expansion and remerchandising opportunities. In pursuing these opportunities, we focus on increasing operating income and cash flows, active risk mitigation and tenant retention. Additional value enhancing strategies include cost reductions, long-term capital planning and asset sustainability initiatives. Examples of how we execute these strategies include Azalea Square, where we divided space that was vacated by Linens n Things and re-leased it to two new tenants for an 11.7% increase in total annualized base rent for the space, and Tollgate Marketplace, where we were able to anticipate that an existing grocery store tenant would not renew its lease due to the expected opening of a new Wal-Mart Supercenter in the area and re-lease the vacated space within nine months to Ashley Furniture for more than double the base rent per square foot that the grocer had been paying.

Recycle Capital Through Disposition of Non-Core Assets

We plan to pursue opportunistic dispositions of the non-retail properties and free-standing triple net retail properties in our operating portfolio in order to redeploy capital to continue to build our interest in well located, high quality shopping centers. In addition to our retail operating portfolio, as of September 30, 2011, we held interests in 15 other operating properties, including 12 office properties and three industrial properties, which had a total of 4.7 million square feet of GLA and represent 9.7% of our total operating portfolio based on annualized base rent. We believe that the disposition of these non-retail properties, along with select triple net retail properties, will serve as a source of capital for the growth of our retail portfolio.

As we have in the past, we intend to take advantage of opportunities that may arise to sell assets in our portfolio. Since the end of 2007 through September 30, 2011, we sold 26 properties for an aggregate sales price of $824.2 million, including $509.5 million of debt that was assumed, forgiven or repaid. During this time, we reduced the GLA of our non-retail properties and single-user retail properties by 43.1%. We plan to continue to pursue strategic dispositions to continue to focus our portfolio on well located, high quality shopping centers.

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Pursue Acquisitions of High Quality Retail Properties

We intend to pursue disciplined and targeted acquisitions of retail properties that meet our retail property and market selection criteria and will further our strategy of focusing on well located, high quality shopping centers. Utilizing our senior management team s expertise, we intend to opportunistically acquire retail properties based on identified market and property characteristics, including: property classification, anchor tenant type, lease terms, geographic markets and demographics. We believe that the high level of diversification of our tenant base limits our exposure to any single tenant and allows us to take advantage of growth opportunities through the expansion of our existing relationships without significantly increasing our exposure to any single tenant. We believe that over the next several years the continued impact of the recent disruption in the real estate market will create opportunities to acquire retail properties that meet our investment criteria from owners facing operational and financial stress. Based on our operational expertise and capital resources, we believe that we are well positioned to take advantage of opportunities to acquire retail properties. We plan to pursue acquisitions directly and through joint ventures.

Pursue Strategic Joint Ventures to Leverage Management Platform

We intend to leverage our leasing and property management platform through the strategic formation, capitalization and management of joint ventures. In the past, we have partnered with strong institutional capital providers to supplement our capital base in a manner accretive to our shareholders. For example, in September 2010, we formed a joint venture with a wholly-owned affiliate of RioCan Real Estate Investment Trust, Canada s largest REIT, or RioCan, and agreed to contribute eight shopping centers located in Texas to the joint venture. Based on our operational expertise in the retail real estate space, we believe that we are well positioned to continue to strategically pursue additional joint ventures with high quality capital partners. Additionally, from time to time, we may form partnerships with regional developers that allow us to maximize returns on completed developments and access strategic local markets.

Maintain Our Development Activity at Sustainable Levels

We entered into joint venture arrangements with certain developers prior to the recession. Since our inception, we have invested $185.6 million of equity into nine development joint ventures. As of September 30, 2011, we had approximately 0.5 million square feet of GLA of retail space under development, including space developed for shadow anchors, through three consolidated development joint ventures and one unconsolidated development joint venture, of which 0.4 million square feet had already been constructed. Approximately 89.5% of the GLA of these retail development properties that has been constructed was leased as of September 30, 2011, representing $1.0 million of annualized base rent. As of September 30, 2011, we did not have any significant active construction ongoing at our development properties, and, currently, we only intend to develop the remaining estimated total GLA to the extent that we have pre-leased the space to be developed. We expect to stabilize these properties between 2013 and 2014, which will provide further opportunities for growth. We currently do not have plans for any new developments. It remains our philosophy to only develop what we intend to own on a long term basis and we intend to resume development when such opportunities become attractive.

Our Properties

The following table sets forth summary information regarding our operating portfolio as of September 30, 2011. Dollars (other than per square foot information) and square feet of GLA are presented in thousands in the table.

Property Type/Region	Number of Properties	GLA	Percent of Total GLA(1)	Percent Leased(2)	ABR(3)	Percent of ABR(1)	ABR Per Leased Sq. Ft.(4)
Consolidated:							
Retail:							
Northeast	72	8,788	25.2%	91.1%	$ 118,146	27.8%	$ 14.75
Texas	49	6,957	20.0%	85.8%	92,779	21.8%	15.54
West	49	7,294	20.9%	75.1%	80,454	18.9%	14.68
Southeast	56	6,491	18.6%	91.2%	72,112	17.0%	12.18
Midwest	37	5,305	15.3%	87.7%	61,264	14.5%	13.17
Total Retail(5)	263	34,835	100.0%	86.2%	$ 424,755	100.0%	$ 14.14
Total Retail including leases signed but not commenced(6)	263	34,835		88.6%	$ 434,415		$ 14.08
Office	12	3,335		96.5%	$ 38,975		$ 12.11
Industrial	3	1,323		100.0%	6,844		5.17
Total Office and Industrial	15	4,658		97.5%	$ 45,819		$ 10.09
Total Consolidated Operating Portfolio	278	39,493		87.5%	$ 470,574		$ 13.61
Total Unconsolidated Operating Portfolio(7)	22	3,588		93.1%	$ 49,793		$ 14.90

(1) Percentages are only provided for our retail operating portfolio.

(2) Except as otherwise noted, based on leases commenced as of September 30, 2011, and calculated as leased GLA divided by total GLA.

(3) Excludes $1.0 million of annualized base rent from our consolidated development properties. Rental abatements for leases commenced as of September 30, 2011, which are excluded, were $0.3 million for our retail operating portfolio for the 12 months ending September 30, 2012. Annualized base rent does not reflect scheduled lease expirations for the 12 months ending September 30, 2012. The portion of the annualized base rent of our consolidated operating portfolio attributable to leases scheduled to expire during the 12 months ending September 30, 2012, including month-to-month leases, is approximately $27.8 million.

(4) Represents annualized base rent divided by leased GLA.

(5) Includes (i) 55 properties with 6.5 million square feet of GLA representing $83.9 million of annualized base rent held in one joint venture in which we have a 77% interest and (ii) a portion of one property with 0.3 million square feet of GLA representing $6.4 million of annualized base rent held in one joint venture in which we have a 95% interest. Regarding the 55 properties held in the joint venture in which we have a 77% interest, we currently anticipate using a portion of the net proceeds from this offering to exercise our option to repurchase the 23% interest held by others. As a result, following this offering we anticipate that we will own 100% of those properties. Excludes two non-stabilized operating properties.

(6) Includes leases signed but not commenced as of September 30, 2011 for approximately 820,000 square feet of GLA representing $9.7 million of annualized base rent as of lease commencement.

(7) Includes 18 properties with 3.4 million square feet of GLA representing $48.2 million of annualized base rent held in two separate joint ventures in which we have a 20% interest and four properties with 0.2 million square feet of GLA representing $1.5 million of annualized base rent held in one joint venture in which we have a 95.8% interest.

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Industry Overview

Since bottoming in December 2009, the economy has evidenced consistent growth. Economic growth, measured by gross domestic product, or GDP, was steady through the first three quarters of 2010, driven by improvement in consumer spending as well as an increase in private investment. Looking forward, Rosen Consulting Group, or Rosen, believes that the pace of the economic recovery that began in 2010 will accelerate in 2011. Accordingly, Rosen expects GDP growth to improve, accelerating from an estimated annual growth rate of 2.2% in 2010 to 2.8% and 3.0% in 2011 and 2012, respectively.

Recent growth in employment and consumer confidence also suggests that the U.S. economy is progressing. Since December 2009, the economy has added more than 1.3 million jobs in the private sector. In addition, consumers at year-end 2010 were much more positive regarding future economic conditions than about their current situations, as evidenced by the consumer confidence index measured by The Conference Board. The expectations component of this index has dramatically increased from its recent low of 27.3 in February 2009 to 71.9 in December 2010. Further, real per capita disposable income growth, a key metric for the retail industry, increased 1.93% year-over-year in the third quarter, after a more modest 0.44% increase in 2009. Rosen expects this upward trend to continue, projecting real per capita disposable income growth to average 2.7% annually between 2011 and 2014, compared with an estimated 1.1% average annual increase between 2007 and 2010.

As employment and income growth accelerate, Rosen expects consumer confidence to increase accordingly, driving stronger retail sales growth. Retail sales continued to recover in 2010, increasing at an average annual rate of 6.6% each month. Although sales growth is unlikely to return to peak rates, Rosen believes that annual retail sales growth (including online sales made by brick and mortar retailers) will average 2.8% during the next four years, bringing total fourth-quarter sales to more than $1 trillion in 2014, an increase of nearly $70 billion from the fourth quarter of 2010. Rosen believes that the recession caused a lasting shift in consumer behavior, providing a boost to value-oriented grocers, discount retailers and other retailers that provide basic household goods or clothing. Therefore, Rosen expects sales at these grocers and retailers to remain strong going forward.

Even as the economy recovered, retail construction activity, as measured by the value of construction put-in-place, remained very low through the first three quarters of 2010 because of the high vacancy rate and a lack of available construction financing. In the third quarter of 2010, the value of put-in-place construction totaled a seasonally adjusted annual rate of $18.2 billion, compared with fourth-quarter averages of $43.7 billion between 2002 and 2008. Rosen forecasts the value of inflation-adjusted, put-in-place construction to fall from $18.0 billion in 2010 to $16.5 billion in 2011, approximately 65% less than the recent peak of $46.8 billion in 2007.

As job growth and higher confidence levels boost consumer demand, Rosen expects retail market conditions to improve beginning in 2011. Rosen forecasts the national retail vacancy rate to fall slowly from 8.8% in 2011 to 8.0% in 2014. As demand rebounds, tenant competition for existing space is expected to increase because of the limited amount of new space becoming available.

Summary Risk Factors

An investment in shares of our Class A Common Stock involves various risks. You should consider carefully the risks discussed below and under the heading Risk Factors beginning on page 17 of this prospectus before purchasing our Class A Common Stock. If any of these risks occur, our business, prospects, financial condition, liquidity, results of operations and ability to make distributions to our shareholders could be materially and adversely affected. In that case, the trading price of our Class A Common Stock could decline and you could lose some or all of your investment.

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Real estate investments are subject to various risks and fluctuations and cycles in value and demand, many of which are beyond our control. Our economic performance and the value of our properties can be affected by many of these factors, including, among others, the following:

- adverse changes in financial conditions of buyers, sellers and tenants of our properties, including bankruptcies, financial difficulties, or lease defaults by our tenants;
- the national, regional and local economy, which may be negatively impacted by concerns about inflation, deflation and government deficits, high unemployment rates, decreased consumer confidence, industry slowdowns, reduced corporate profits, liquidity concerns in our markets and other adverse business concerns;
- local real estate conditions, such as an oversupply of, or a reduction in demand for, retail space or retail goods, and the availability and creditworthiness of current and prospective tenants;
- vacancies or ability to rent space on favorable terms, including possible market pressures to offer tenants rent abatements, tenant improvements, early termination rights or below-market renewal options;
- changes in operating costs and expenses, including, without limitation, increasing labor and material costs, insurance costs, energy prices, environmental restrictions, real estate taxes, and costs of compliance with laws, regulations and government policies, which we may be restricted from passing on to our tenants;
- fluctuations in interest rates, which could adversely affect our ability, or the ability of buyers and tenants of properties, to obtain financing on favorable terms or at all; and
- competition from other real estate investors with significant capital, including other real estate operating companies, publicly traded REITs and institutional investment funds.

We may be unable to complete acquisitions and even if acquisitions are completed, we may fail to successfully operate acquired properties.

We may be unable to sell a property at the time we desire and on favorable terms or at all, which could inhibit our ability to utilize our capital to make strategic acquisitions and could adversely affect our results of operations, financial condition and ability to make distributions to our shareholders.

We have experienced aggregate net losses attributable to Company shareholders for the nine months ended September 30, 2011 and the years ended December 31, 2010, 2009 and 2008, and we may experience future losses.

Our development and construction activities have inherent risks, which could adversely impact our results of operations and cash flow.

We had approximately $3.5 billion of consolidated indebtedness outstanding as of September 30, 2011, which could adversely affect our financial health and operating flexibility.

We have a high concentration of properties in the Dallas-Fort Worth-Arlington area, and adverse economic and other developments in that area could have a material adverse effect on us.

Our financial condition and ability to make distributions to our shareholders could be adversely affected by financial and other covenants and other provisions under the credit agreement governing our senior secured revolving line of credit and secured term loan or other debt agreements.

We depend on external sources of capital that are outside of our control, which may affect our ability to seize strategic opportunities, satisfy our debt obligations and make distributions to our shareholders.

Certain provisions of Maryland law could inhibit changes in control of us, which could lower the value of our Class A Common Stock.

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Failure to qualify as a REIT would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distributions to our shareholders and materially and adversely affect our financial condition and results of operations.

Complying with REIT requirements may cause us to forego otherwise attractive opportunities or to liquidate otherwise attractive investments.

Because we have a large number of shareholders and our shares have not been listed on a national securities exchange prior to this offering, there may be significant pent-up demand to sell our shares. Significant sales of our Class A Common Stock, or the perception that significant sales of such shares could occur, may cause the price of our Class A Common Stock to decline significantly.

Recapitalization

Prior to the completion of this offering, we intend to declare a stock dividend pursuant to which each then outstanding share of our common stock will receive:

- one share of our Class B-1 Common Stock; plus
- one share of our Class B-2 Common Stock; plus
- one share of our Class B-3 Common Stock.

In connection with this stock dividend, we intend to redesignate our then outstanding common stock as Class A Common Stock. Prior to the declaration of the stock dividend, we intend to effectuate a to one reverse stock split of our common stock.

Subject to the provisions of our charter, shares of our Class B-1, B-2 and B-3 Common Stock will convert automatically into shares of our Class A Common Stock months following the Listing, months following the Listing and months following the Listing, respectively. In addition, if they have not otherwise converted, all shares of our Class B Common Stock will convert automatically into shares of our Class A Common Stock on the date that is months following the Listing.

Our Class B Common Stock will be identical to our Class A Common Stock except that (i) we do not intend to list our Class B Common Stock on a national securities exchange and (ii) shares of our Class B Common Stock will convert automatically into shares of our Class A Common Stock at specified times. The aggregate number of shares of our common stock outstanding (including all shares of our Class A and Class B Common Stock) immediately following the Recapitalization will be approximately million, all of which (except for certain shares described in Shares Eligible for Future Sale) will be freely tradable upon the completion of this offering except as otherwise provided in the restrictions on ownership and transfer of stock set forth in our charter. Of this amount, approximately million shares of our Class A Common Stock will be outstanding and approximately million shares of our Class B Common Stock, representing 75% of our total outstanding common stock, will be outstanding.

Distribution Policy

The Internal Revenue Code of 1986, as amended, or the Code, generally requires that a REIT distribute annually at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains, and imposes tax on any taxable income retained by a REIT, including capital gains. To satisfy the requirements for qualification as a REIT and generally not be subject to U.S. federal income and excise tax, we intend to make regular quarterly distributions of all or substantially all of our REIT taxable income to holders of our common stock out of assets legally available for such purposes. Our future distributions will be at the sole discretion of our board of directors.

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Our senior secured revolving line of credit and secured term loan limit our distributions to the greater of 95% of FFO as defined in the credit agreement (which equals FFO, as set forth in Management s Discussion and Analysis of Financial Condition and Results of Operations Funds from Operations, excluding gains or losses from extraordinary items, impairments and other non-cash charges) or the amount necessary for us to maintain our qualification as a REIT. To the extent these limits prevent us from distributing 100% of our REIT taxable income, we will be subject to income tax, and potentially excise tax, on the retained amounts. If our operations do not generate sufficient cash flow to allow us to satisfy the REIT distribution requirements, we may be required to fund distributions from working capital, borrow funds, sell assets or reduce such distributions. Our distribution policy enables us to review the alternative funding sources available to us from time to time.

Our REIT Status

We have elected to be taxed as a REIT under Sections 856 through 860 of the Code. We believe that we have been organized, owned and operated in conformity with the requirements for qualification and taxation as a REIT under the Code beginning with our taxable year ended December 31, 2003, and that our intended manner of ownership and operation will enable us to continue to meet the requirements for qualification and taxation as a REIT for federal income tax purposes. To maintain our qualification as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we annually distribute at least 90% of our REIT taxable income to our shareholders, determined without regard to the deduction for dividends paid and excluding net capital gains. As a REIT, we generally are not subject to U.S. federal income tax on the taxable income we currently distribute to our shareholders. If we fail to qualify as a REIT in any taxable year, we will be subject to U.S. federal income tax at regular corporate rates. Even if we qualify for taxation as a REIT, we may be subject to some U.S. federal, state and local taxes on our income or property, and the taxable income of our taxable REIT subsidiaries, or TRSs, will be subject to taxation at regular corporate rates.

Restrictions on Ownership of Our Common Stock

To assist us in complying with the limitations on the concentration of ownership of a REIT imposed by the Code, among other purposes, our charter generally prohibits, with certain exceptions, any shareholder from beneficially or constructively owning, applying certain attribution rules under the Code, more than 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock, or 9.8% by value of the outstanding shares of our capital stock. Our board of directors may, in its sole discretion, waive (prospectively or retroactively) the 9.8% ownership limits with respect to a particular shareholder if it receives certain representations and undertakings required by our charter and is presented with evidence satisfactory to it that such ownership will not then or in the future cause us to fail to qualify as a REIT. See Description of Capital Stock Restrictions on Ownership and Transfer.

Certain Relationships and Related Transactions

The Inland Group and its affiliates were our initial sponsor, and Daniel L. Goodwin, who has not been one of our directors but beneficially owns approximately 5.1% of our common stock prior to this offering, Brenda G. Gujral, one of our current directors, and Robert D. Parks, one of our former directors, are significant shareholders and/or principals of the Inland Group and/or hold directorships and are executive officers of affiliates of the Inland Group.

We have ongoing agreements with affiliates of the Inland Group, including an office sublease for our corporate headquarters and various service agreements. With the exception of the sublease, the majority of these service agreements are non-exclusive and cancellable by providing not less than 180 days prior written notice and specifying the effective date of said termination. These service agreements are generally for administrative services. We primarily use these service agreements in situations where it is more efficient for us to obtain services from an outside party than it would be for us to obtain the dedicated internal resources necessary to

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provide similar quality services. For the nine months ended September 30, 2011 and the year ended December 31, 2010, we paid a total of $3.7 million and $4.6 million, respectively, to Inland Group affiliates under these arrangements, of which $2.3 million and $2.6 million, respectively, were generally for the reimbursement of our portion of shared administrative costs and $0.7 million $0.9 million, respectively, were for amounts payable pursuant to our office sublease.

In addition, in 2009, in connection with a $625 million debt refinancing transaction, we raised additional capital of $50 million from an affiliate of the Inland Group in exchange for a 23% noncontrolling interest in a newly formed joint venture to which we contributed 55 of our properties. We currently anticipate using a portion of the net proceeds from this offering to exercise our option to repurchase this noncontrolling interest for , as a result of which we would again own 100% of these properties. In 2009, we also sold three single-user office buildings to Inland American Real Estate Trust, Inc., or IARETI, with an aggregate sales price of $161.6 million, which resulted in net sales proceeds of $52.6 million and a gain on sale of $9.3 million. IARETI is externally managed by an affiliate of the Inland Group.

All related person transactions must be approved or ratified by a majority of the disinterested directors on our board of directors, and we continue to monitor our ongoing agreements with affiliates of the Inland Group to ensure that it is in the best interests of our shareholders to maintain these agreements. See Certain Relationships and Related Transactions.

Background and Corporate Information

We are a Maryland corporation formed in March 2003, and we have been publicly held and subject to Securities and Exchange Commission, or SEC, reporting obligations since the completion of our first public offering in 2003. We were initially sponsored by The Inland Group, Inc. and its affiliates, but we have not been affiliated with The Inland Group, Inc. since the internalization of our management in November 2007. Our principal executive office is located at 2901 Butterfield Road, Oak Brook, Illinois 60523, and our telephone number is (630) 218-8000. We maintain an internet website at www.inland-western.com that contains information concerning us. The information included or referenced to on, or otherwise accessible through, our website is not intended to form a part of or be incorporated by reference into this prospectus.

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The Offering

Class A Common Stock offered by us	shares (plus up to shares that we may issue if the underwriters exercise their overallotment option in full)
Common stock to be outstanding after this offering:	
Class A Common Stock	shares(1)
Class B-1 Common Stock	shares(2)
Class B-2 Common Stock	shares(2)
Class B-3 Common Stock	shares(2)
Conversion rights	Subject to the provisions of our charter, shares of our Class B-1, B-2 and B-3 Common Stock will convert automatically into shares of our Class A Common Stock months following the Listing, months following the Listing and months following the Listing, respectively.
Dividend rights	Our Class A Common Stock and our Class B Common Stock will share equally in any distributions authorized by our board of directors and declared by us.
Voting rights	Each share of our Class A Common Stock and each share of our Class B Common Stock will entitle its holder to one vote per share.
Use of proceeds	We intend to use approximately $ million of net proceeds received from this offering to repay amounts outstanding under our senior secured revolving line of credit, $ million of net proceeds to repurchase Inland Equity Investors, LLC s, or Inland Equity s, interest in IW JV 2009, LLC, or IW JV, and the remaining net proceeds for general corporate and working capital purposes.
Proposed NYSE symbol	We have applied to have our Class A Common Stock listed on the NYSE under the symbol IWST .

(1) Excludes shares of Class A Common Stock issuable upon exercise of the underwriters overallotment option, shares of Class A Common Stock available for future issuance under our incentive award plans and shares of Class A Common Stock underlying options granted under our incentive award plans as of December 9, 2011.

(2) Excludes shares of Class B-1, B-2, and B-3 Common Stock available for future issuance under our incentive award plans and shares of Class B-1, B-2 and B-3 Common Stock underlying options granted under our incentive awards plans as of December 9, 2011.

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Summary Consolidated Financial and Operating Data

The summary consolidated financial data set forth below as of December 31, 2010 and 2009 and for the years ended December 31, 2010, 2009 and 2008 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The audited consolidated financial statements as of December 31, 2010 and 2009 and for the years ended December 31, 2010 and 2009 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm. The audited consolidated financial statements for the year ended December 31, 2008 have been audited by KPMG LLP, an independent registered public accounting firm. The selected consolidated financial and operating data set forth below as of December 31, 2008 has been derived from our audited consolidated financial statements not included in this prospectus. The summary consolidated financial data set forth below as of September 30, 2011 and for the nine months ended September 30, 2011 and 2010 has been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and, in the opinion of our management, reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of this data. The results of any interim period are not necessarily indicative of the results that may be expected for a full year. Certain amounts presented for the periods ended December 31, 2010, 2009 and 2008 have been reclassified to conform to our presentation of discontinued operations in our unaudited consolidated financial statements as of and for the nine months ended September 30, 2011 and 2010.

Because the information presented below is only a summary and does not provide all of the information contained in our historical consolidated financial statements, including the related notes, you should read it in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical consolidated financial statements, including the related notes, included elsewhere in this prospectus. The amounts in the table are dollars in thousands except for share and per share information. The share and per share information set forth below gives effect to the Recapitalization.

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	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
	(in thousands except for per share data)				
Statements of Operations Data:					
Rental income	$ 365,374	$ 380,949	$ 503,901	$ 512,768	$ 546,372
Tenant recovery income	81,215	90,101	113,992	120,760	129,120
Other property income	7,909	10,880	15,507	18,804	19,736
Insurance captive income		2,253	2,996	2,261	1,938
Total revenues	$ 454,498	$ 484,183	$ 636,396	$ 654,593	$ 697,166
Property operating expenses	$ 76,800	$ 79,847	$ 105,607	$ 121,493	$ 139,712
Real estate taxes	59,079	68,435	85,088	92,523	86,403
Depreciation and amortization	177,783	182,154	241,684	244,790	245,944
Provision for impairment of investment properties	31,752	11,030	14,430	50,700	51,600
Loss on lease terminations	8,172	8,763	13,720	13,735	64,648
Insurance captive expenses		3,034	3,392	3,655	2,874
General and administrative expenses	16,416	13,412	18,119	21,191	19,997
Total expenses	$ 370,002	$ 366,675	$ 482,040	$ 548,087	$ 611,178
Operating income	$ 84,496	$ 117,508	$ 154,356	$ 106,506	$ 85,988
Dividend income	1,776	3,034	3,472	10,132	24,010
Interest income	507	548	740	1,483	4,329
Loss on partial sales of investment properties			(385)		
Gain on extinguishment of debt	15,429				
Equity in (loss) income of unconsolidated joint ventures	(6,028)	1,609	2,025	(11,299)	(4,939)
Interest expense	(175,486)	(195,418)	(258,222)	(231,094)	(207,216)
Co-venture obligation expense	(5,375)	(5,375)	(7,167)	(597)	
Recognized gain (loss) on marketable securities, net	277	536	4,007	18,039	(160,888)
Impairment of goodwill					(377,916)
Impairment of investment in unconsolidated entity					(5,524)
Impairment of notes receivable				(17,322)	
Gain (loss) on interest rate locks				3,989	(16,778)
Other income (expense)	1,320	(4,015)	(3,492)	(9,599)	(1,062)
Loss from continuing operations	$ (83,084)	$ (81,573)	$ (104,666)	$ (129,762)	$ (659,996)
Income (loss) from discontinued operations	20,164	(10,203)	9,959	14,353	(23,217)
Gain on sales of investment properties	4,171				
Net loss	$ (58,749)	$ (91,776)	$ (94,707)	$ (115,409)	$ (683,213)
Net (income) loss attributable to noncontrolling interests	(23)	(656)	(1,136)	3,074	(514)
Net loss attributable to Company shareholders	$ (58,772)	$ (92,432)	$ (95,843)	$ (112,335)	$ (683,727)
(Loss) earnings per common share basic and diluted:					
Continuing operations	$ (0.16)	$ (0.17)	$ (0.22)	$ (0.26)	$ (1.37)
Discontinued operations	0.04	(0.02)	0.02	0.03	(0.05)
Net loss per common share attributable to Company shareholders	$ (0.12)	$ (0.19)	$ (0.20)	$ (0.23)	$ (1.42)
Comprehensive loss	$ (61,898)	$ (82,999)	$ (83,725)	$ (96,158)	$ (643,557)
Comprehensive (income) loss attributable to noncontrolling interests	(23)	(656)	(1,136)	3,074	(514)
Comprehensive loss attributable to Company shareholders	$ (61,921)	$ (83,655)	$ (84,861)	$ (93,084)	$ (644,071)

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	September 30, 2011		December 31,		
	As Adjusted[1]	Actual	2010	2009	2008
	(in thousands except for share and per share data)				
Selected Balance Sheet Data:					
Net investment properties less accumulated depreciation		$ 5,333,051	$ 5,686,473	$ 6,103,782	$ 6,631,506
Total assets		$ 5,975,488	$ 6,386,836	$ 6,928,365	$ 7,606,664
Mortgages and notes payable		$ 3,014,069	$ 3,602,890	$ 4,003,985	$ 4,402,602
Total liabilities		$ 3,774,594	$ 4,090,244	$ 4,482,119	$ 5,011,276
Common stock and additional paid-in-capital		$ 4,416,599	$ 4,383,758	$ 4,350,966	$ 4,313,640
Total shareholders equity		$ 2,198,875	$ 2,294,902	$ 2,441,550	$ 2,572,348
Ratio Data:					
Total net debt to Adjusted EBITDA[2][6]		8.3x	8.5x	9.2x	
Combined net debt to combined Adjusted EBITDA[2][6]		8.3x	8.5x	8.9x	

	Nine Months Ended September 30,		Year Ended December 31,		
	2011	2010	2010	2009	2008
	(in thousands except for number of properties, share and per share data)				
Other Data:					
Number of consolidated operating properties	278[3]	291	284	299	305
Total GLA (in thousands)	39,493	43,821	42,491	44,496	45,957
Distributions declared per common share	$ 0.19[7]	$ 0.14	$ 0.20	$ 0.16	$ 0.64
Funds from operations[4]	$ 103,937	$94,157	$ 135,170	$ 141,844	$ (349,401)
Total net operating income[5]	$ 320,031	$ 327,424	$ 437,710	$ 435,414	$ 468,466
Combined net operating income[5]	$ 326,669	$ 331,137	$ 443,199	$ 439,200	$ 471,586
Adjusted EBITDA[6]	$ 297,929	$ 321,525	$ 427,752	$ 435,022	
Combined Adjusted EBITDA[6]	$ 309,965	$ 326,215	$ 434,182	$ 452,709	
Cash flows provided by (used in):					
Operating activities	$ 128,387	$ 153,672	$ 184,072	$ 249,837	$ 309,351
Investing activities	$ 111,107	$ 19,845	$ 154,400	$ 193,706	$ (178,555)
Financing activities	$ (253,089)	$ (183,405)	$ (321,747)	$ (438,806)	$ (126,989)

(1) Presents historical information as of September 30, 2011 as adjusted to give effect to (i) additional amounts drawn through November 3, 2011 under our senior secured revolving line of credit (no additional amounts were drawn through December 9, 2011) and (ii) this offering and the use of the net proceeds from this offering as set forth in Use of Proceeds.

(2) Total net debt to Adjusted EBITDA represents (i) our total debt less cash and cash equivalents divided by (ii) Adjusted EBITDA for the prior 12 months. Combined net debt to combined Adjusted EBITDA represents (i) the sum of (A) our total debt less cash and cash equivalents plus (B) our pro rata share of our investment property unconsolidated joint ventures total debt less our pro rata share of these joint ventures cash and cash equivalents divided by (ii) combined Adjusted EBITDA for the prior 12 months. These ratios are not presented as of December 31, 2008. For a reconciliation of total net debt to Adjusted EBITDA and combined net debt to combined Adjusted EBITDA and a statement disclosing the reasons why our management believes that presentation of these ratios provides useful information to investors and, to the extent material, any additional purposes for which our management uses these ratios, see Selected Consolidated Financial Operating Data.

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(3) Excludes two non-stabilized operating properties.

(4) For a definition and reconciliation of funds from operations, or FFO, and a statement disclosing the reasons why our management believes that presentation of FFO provides useful information to investors and, to the extent material, any additional purposes for which our management uses FFO, see Management s Discussion and Analysis of Financial Condition and Results of Operations Funds from Operations.

(5) Total net operating income, or NOI, represents operating revenues (rental income, tenant recovery income, other property income, excluding straight-line rental income and amortization of acquired above and below market lease intangibles) less property operating expenses (real estate tax expense and property operating expense, excluding straight-line ground rent expense and straight-line bad debt expense). Combined net operating income, or combined NOI, represents NOI plus our pro rata share of NOI from our investment property unconsolidated joint ventures. For a reconciliation of total net operating income, or NOI, and a statement disclosing the reasons why our management believes that presentation of NOI provides useful information to investors and, to the extent material, any additional purposes for which our management uses NOI, which is also applicable to combined NOI, see Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations. For a reconciliation of combined NOI, see Selected Consolidated Financial Operating Data.

(6) Adjusted EBITDA represents net income (loss) before interest, income taxes, depreciation and amortization, as further adjusted to eliminate the impact of certain items that we do not consider indicative of our ongoing operating performance. Combined Adjusted EBITDA represents Adjusted EBITDA plus our pro rata share of the EBITDA adjustments from our investment property unconsolidated joint ventures. Adjusted EBITDA and combined Adjusted EBITDA are not presented as of December 31, 2008. For a reconciliation of Adjusted EBITDA and combined Adjusted EBITDA and a statement disclosing the reasons why our management believes that presentation of Adjusted EBITDA and combined Adjusted EBITDA provides useful information to investors and, to the extent material, any additional purposes for which our management uses Adjusted EBITDA and combined Adjusted EBITDA, see Selected Consolidated Financial Operating Data.

(7) Includes the distribution for the third quarter of 2011 of $0.06 per share declared on October 3, 2011.

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RISK FACTORS

An investment in our Class A Common Stock involves a high degree of risk. Before making an investment decision, you should carefully consider the following risk factors, which address the material risks concerning our business and an investment in our Class A Common Stock, together with the other information contained in this prospectus. If any of the risks discussed in this prospectus occur, our business, prospects, financial condition, results of operations and our ability to make distributions to our shareholders could be materially and adversely affected. In that case, the trading price of our Class A Common Stock could decline significantly and you could lose all or a part of your investment. Some statements in this prospectus, including statements in the following risk factors constitute forward-looking statements. Please refer to the section entitled Forward-Looking Statements.

RISKS RELATING TO OUR BUSINESS AND OUR PROPERTIES

There are inherent risks associated with real estate investments and with the real estate industry, each of which could have an adverse impact on our economic performance and the value of our retail properties.

Real estate investments are subject to various risks and fluctuations and cycles in value and demand, many of which are beyond our control. Our economic performance and the value of our properties can be affected by many of these factors, including the following:

- adverse changes in financial conditions of buyers, sellers and tenants of our properties, including bankruptcies, financial difficulties, or lease defaults by our tenants;
- the national, regional and local economy, which may be negatively impacted by concerns about inflation, deflation and government deficits, high unemployment rates, decreased consumer confidence, industry slowdowns, reduced corporate profits, liquidity concerns in our markets and other adverse business concerns;
- local real estate conditions, such as an oversupply of, or a reduction in demand for, retail space or retail goods, and the availability and creditworthiness of current and prospective tenants;
- vacancies or ability to rent space on favorable terms, including possible market pressures to offer tenants rent abatements, tenant improvements, early termination rights or below-market renewal options;
- changes in operating costs and expenses, including, without limitation, increasing labor and material costs, insurance costs, energy prices, environmental restrictions, real estate taxes, and costs of compliance with laws, regulations and government policies, which we may be restricted from passing on to our tenants;
- fluctuations in interest rates, which could adversely affect our ability, or the ability of buyers and tenants of properties, to obtain financing on favorable terms or at all;
- competition from other real estate investors with significant capital, including other real estate operating companies, publicly traded REITs and institutional investment funds;
- the convenience and quality of competing retail properties and other retailing options such as the Internet;

perceptions by retailers or shoppers of the safety, convenience and attractiveness of the retail property;

inability to collect rent from tenants;

our ability to secure adequate insurance;

our ability to provide adequate management services and to maintain our properties;

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- changes in, and changes in enforcement of, laws, regulations and governmental policies, including, without limitation, health, safety, environmental, zoning and tax laws, government fiscal policies and the Americans with Disabilities Act of 1990, or the ADA; and

- civil unrest, acts of war, terrorist attacks and natural disasters, including earthquakes and floods, which may result in uninsured and underinsured losses.

In addition, because the yields available from equity investments in real estate depend in large part on the amount of rental income earned, as well as property operating expenses and other costs incurred, a period of economic slowdown or recession, declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or an increased incidence of defaults among our existing leases, and, consequently, our properties, including those held by joint ventures, may fail to generate revenues sufficient to meet operating, debt service and other expenses. As a result, we may have to borrow amounts to cover fixed costs, and our financial condition, results of operations, cash flow, per share trading price of our Class A Common Stock and our ability to satisfy our principal and interest obligations and to make distributions to our shareholders may be adversely affected.

Continued economic weakness from the severe economic recession that the U.S. economy recently experienced may materially and adversely affect our financial condition and results of operations.

The U.S. economy is still experiencing weakness from the severe recession that it recently experienced, which resulted in increased unemployment, the bankruptcy or weakened financial condition of a number of large retailers, decreased consumer spending, a decline in residential and commercial property values and reduced demand and rental rates for retail space. Although the U.S. economy has emerged from the recent recession, high levels of unemployment have persisted, and rental rates and valuations for retail space have not fully recovered to pre-recession levels and may not for a number of years. If the economic recovery slows or stalls, we may continue to experience downward pressure on the rental rates we are able to charge as leases signed prior to the recession expire, and tenants may declare bankruptcy, announce store closings or fail to meet their lease obligations, any of which could adversely affect our cash flow, financial condition and results of operations.

Substantial international, national and local government spending and increasing deficits may adversely impact our business, financial condition and results of operations.

The values of, and the cash flows from, the properties we own are affected by developments in global, national and local economies. As a result of the recent severe recession and the significant government interventions, federal, state and local governments have incurred record deficits and assumed or guaranteed liabilities of private financial institutions or other private entities. These increased budget deficits and the weakened financial condition of federal, state and local governments may lead to reduced governmental spending, tax increases, public sector job losses, increased interest rates, currency devaluations or other adverse economic events, which may directly or indirectly adversely affect our business, financial condition and results of operations.

We face significant competition in the leasing market, which may decrease or prevent increases in the occupancy and rental rates of our properties.

We have acquired and intend to continue to acquire properties located in developed areas. Consequently, we compete with numerous developers, owners and operators of retail properties, many of which own properties similar to, and in the same market areas as, our properties. If our competitors offer space at rental rates below current market rates, or below the rental rates we currently charge our tenants, we may lose existing or potential tenants and we may be pressured to reduce our rental rates below those we currently charge in order to attract new tenants and retain existing tenants when their leases expire. Also, if our competitors develop additional retail properties in locations near our properties, there may be increased competition for customer traffic and creditworthy tenants, which may result in fewer tenants or decreased cash flow from tenants, or both, and may

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require us to make capital improvements to properties that we would not have otherwise made. As a result, our financial condition and our ability to make distributions to our shareholders may be adversely affected.

We may be required to make rent or other concessions and/or significant capital expenditures to improve our properties in order to retain and attract tenants, which could adversely affect our financial condition, results of operations and cash flow.

To the extent adverse economic conditions continue in the real estate market and demand for retail space remains low, we may be required to offer more substantial rent abatements, tenant improvements and early termination rights or accommodate requests for renovations, build-to-suit remodeling and other improvements or provide additional services to our tenants. As a result, we may have to make significant capital or other expenditures in order to retain tenants whose leases expire and to attract new tenants in sufficient numbers, which could adversely affect our results of operations and cash flow. Additionally, if we need to raise capital to make such expenditures and are unable to do so, or such capital is otherwise unavailable, we may be unable to make the required expenditures. This could result in non-renewals by tenants upon expiration of their leases, which could adversely affect to our financial condition, results of operations and cash flow.

The actual rents we receive for the properties in our portfolio may be less than our asking rents, and we may experience a lease roll-down from time to time, which may adversely affect our financial condition, results of operations and cash flow.

Our operating results depend upon our ability to maintain and increase rental rates at our properties while also maintaining or increasing occupancy. As a result of various factors, including competitive pricing pressure in our markets, the recent severe recession and the desirability of our properties compared to other properties in our markets, the rental rates that we charge tenants have generally declined and our ability to maintain our current rental rates or increase those rates in the future may be limited. Further, because current rental rates have declined as compared to expiring leases in our portfolio, the rental rates for expiring leases may be higher than starting rental rates for new leases and we may be required to offer greater rental concessions than we have historically. The degree of discrepancy between our previous asking rents and the actual rents we are able to obtain upon the expiration of our leases may vary both from property to property and among different leased spaces within a single property. If we are unable to obtain sufficient rental rates across our portfolio, our results of operations and cash flow and our ability to satisfy our debt obligations and make distributions to our shareholders will be adversely affected.

We have experienced aggregate net losses attributable to Company shareholders for the nine months ended September 30, 2011 and for the years ended December 31, 2010, 2009 and 2008, and we may experience future losses.

We had net losses attributable to Company shareholders of approximately $58.8 million, $95.8 million, $112.3 million and $683.7 million for the nine months ended September 30, 2011 and for the years ended December 31, 2010, 2009 and 2008, respectively. If we continue to incur net losses in the future or such losses increase, our financial condition, results of operations, cash flow and our ability to service our indebtedness and make distributions to our shareholders would be materially and adversely affected, any of which could adversely affect the market price of our Class A Common Stock.

We have a high concentration of properties in the Dallas-Fort Worth-Arlington area, and adverse economic and other developments in that area could have a material adverse effect on us.

As of September 30, 2011, approximately 11.3% of the GLA and approximately 14.5% of the annualized base rent from our retail operating portfolio were represented by properties located in the Dallas-Fort Worth-Arlington area. As a result, we are particularly susceptible to adverse economic and other developments in this area, including increased unemployment, industry slowdowns, business layoffs or downsizing, decreased consumer confidence, relocations of businesses, changes in demographics, increases in real estate and other taxes, increased regulation, and natural disasters, any of which could have a material adverse effect on us.

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Our inability to collect rents from tenants may negatively impact our financial condition and our ability to make distributions to our shareholders.

Substantially all of our income is derived from rentals of real property. Therefore, our financial condition, results of operations and cash flow materially depend on the financial stability of our tenants, any of which may experience a change in their business at any time, and our ability to continue to lease space in our properties on economically favorable terms. If the sales of stores operating in our centers decline sufficiently, tenants might be unable to pay their existing minimum rents or expense recovery charges, since these rents and charges would represent a higher percentage of their sales, and new tenants might be less willing to pay minimum rents as high as they would otherwise pay. Further, tenants may delay lease commencements, decline to extend or renew a lease upon its expiration or on favorable terms, or exercise early termination rights (to the extent available). If a number of our tenants are unable to make their rental payments to us and otherwise meet their lease obligations, our ability to meet debt and other financial obligations and to make distributions to our shareholders may be adversely affected.

We may be unable to renew leases, lease vacant space or re-let space as leases expire, which could adversely affect our financial condition and results of operations.

We cannot assure you that leases will be renewed or that our properties will be re-let at net effective rental rates equal to or above the current average net effective rental rates or that substantial rent abatements, tenant improvements, early termination rights or below-market renewal options will not be offered to attract new tenants or retain existing tenants. If the rental rates for our properties decrease, our existing tenants do not renew their leases or we do not re-let a significant portion of our available space and space for which leases will expire, our financial condition, results of operations, cash flow, cash available for distributions and per share trading price of our Class A Common Stock could be adversely affected.

If any of our anchor tenants experience a downturn in their business or terminate their leases, our financial condition and results of operations could be adversely affected.

Our financial condition and results of operations could be adversely affected in the event of a downturn in the business, or the bankruptcy or insolvency, of any anchor store or anchor tenant, particularly an anchor tenant with multiple store locations. Anchor tenants generally occupy large amounts of square footage, pay a significant portion of the total rents at a property and contribute to the success of other tenants by drawing significant numbers of customers to a property. The closing of one or more anchor stores at a property could adversely affect that property and result in lease terminations by, or reductions in rent from, other tenants whose leases permit termination or rent reduction in those circumstances or whose own operations may suffer as a result of the anchor store closing. For example, in 2008 and 2009, three of our anchor tenants, Mervyns, Linens n Things and Circuit City, declared bankruptcy, resulting in approximately 3.2 million square feet of vacant retail space and a decrease in rental income of approximately $34.8 million. Additional bankruptcies or insolvencies of, or store closings by, our anchor tenants could significantly increase vacancies and reduce our rental income. If we are unable to re-let such space on similar terms and in a timely manner, our financial condition, results of operations and ability to make distributions to our shareholders could be materially and adversely affected.

Many of the leases at our retail properties contain co-tenancy or go-dark provisions, which, if triggered, may allow tenants to pay reduced rent, cease operations or terminate their leases, any of which could adversely affect our financial condition and results of operations and/or the value of the applicable property.

Many of the leases at our retail properties contain co-tenancy provisions that condition a tenant s obligation to remain open, the amount of rent payable by the tenant or the tenant s obligation to continue occupancy on certain conditions, including: (i) the presence of a certain anchor tenant or tenants; (ii) the continued operation of an anchor tenant s store; and (iii) minimum occupancy levels at the applicable property. If a co-tenancy provision is triggered by a failure of any of these or other applicable conditions, a tenant could have the right to cease operations at the applicable property, terminate its lease early or have its rent reduced. In

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periods of prolonged economic decline such as the recent recession, there is a higher than normal risk that co-tenancy provisions will be triggered due to the higher risk of tenants closing stores or terminating leases during these periods. For example, the effects of recent tenant bankruptcies triggered some co-tenancy clauses in certain other tenant leases, which provided certain of these tenants with immediate reductions in their annual rents and permitted them to terminate their leases if an appropriate replacement was not found within the allotted time period. In addition to these co-tenancy provisions, certain of the leases at our retail properties contain go-dark provisions that allow the tenant to cease operations at the applicable property while continuing to pay rent. This could result in decreased customer traffic at the applicable property, thereby decreasing sales for our other tenants at that property, which may result in our other tenants being unable to pay their minimum rents or expense recovery charges. These provisions also may result in lower rental revenue generated under the applicable leases. To the extent co-tenancy or go-dark provisions in our retail leases result in lower revenue or tenant sales or in tenants rights to terminate their leases early or to have their rent reduced, our financial condition and results of operations and the value of the applicable property could be adversely affected.

We may be unable to collect balances due on our leases from any tenants in bankruptcy, which could adversely affect our cash flow and the amount of cash available for distribution to our shareholders.

Our leases generally do not contain provisions designed to ensure the creditworthiness of the tenant, and a number of companies in the retail industry, including some of our tenants, have declared bankruptcy or voluntarily closed certain of their stores in recent years. We cannot assure you that any tenant that files for bankruptcy protection will continue to pay us rent. Any or all of the tenant s or a guarantor of a tenant s lease obligations could be subject to a bankruptcy proceeding pursuant to Chapter 11 or Chapter 7 of the bankruptcy laws of the United States. Such a bankruptcy filing would bar all efforts by us to collect pre-bankruptcy rents from these entities or their properties, unless we receive an order from the bankruptcy court permitting us to do so. A tenant or lease guarantor bankruptcy could delay our efforts to collect past due balances under the relevant leases, and could ultimately preclude collection of these sums. If a lease is rejected by a tenant in bankruptcy, we would only have a general unsecured claim for damages. This claim could be paid only in the event funds were available, and then only in the same percentage as that realized on other unsecured claims, and our claim would be capped at the rent reserved under the lease, without acceleration, for the greater of one year or 15% of the remaining term of the lease, but not greater than three years, plus rent already due but unpaid. Therefore, if a lease is rejected, it is unlikely we would receive any payments from the tenant, or we would receive substantially less than the full value of any unsecured claims we hold, which would result in a reduction in our rental income, cash flow and in the amount of cash available for distribution to our shareholders. In particular, on February 16, 2011, Borders Group, Inc., or Borders, a national retailer, filed for bankruptcy under Chapter 11 and, on July 18, 2011, Borders announced that it was seeking approval for the liquidation of its remaining store assets, which was approved on July 21, 2011. As of December 31, 2010, Borders leased approximately 220,000 square feet of space from us at ten locations, which leases represented $2.6 million of annualized base rent. Subsequently, Borders has closed stores at all ten locations where it leased space from us.

Our expenses may remain constant or increase, even if income from our properties decreases, causing our financial condition and results of operations to be adversely affected.

Costs associated with our business, such as mortgage payments, real estate and personal taxes, insurance, utilities and corporate expenses, are relatively inflexible and generally do not decrease, and may increase, when a property is not fully occupied, rental rates decrease, a tenant fails to pay rent or other circumstances cause our revenues to decrease. If we are unable to decrease our operating costs when our revenue declines, our financial condition, results of operations and ability to make distributions to our shareholders may be adversely affected. In addition, inflationary price increases could result in increased operating costs for us and our tenants and, to the extent we are unable to pass along those price increases or are unable to recover operating expenses from tenants, our operating expenses may increase, which could adversely affect our financial condition, results of operations and ability to make distributions to our shareholders.

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Real estate related taxes may increase and if these increases are not passed on to tenants, our net income will be reduced.

Even if we qualify as a REIT for U.S. federal income tax purposes, we will be required to pay state and local taxes on our properties. The real property taxes may increase as property values or assessment rates change or as our properties are assessed or reassessed by taxing authorities. An increase in the assessed valuation of a property for real estate tax purposes will result in an increase in the related real estate taxes on that property. Although some leases may permit us to pass through such tax increases to our tenants, there is no assurance that renewal leases or future leases will be negotiated on the same basis. If our property taxes increase and we are unable to pass those increases through to our tenants, our net income and cash available for distribution to our shareholders could be adversely affected.

We may be unable to complete acquisitions and, even if acquisitions are completed, we may fail to successfully operate acquired properties.

We continue to evaluate the market of available properties and may acquire properties when we believe strategic opportunities exist. Our ability to acquire properties on favorable terms and successfully operate or develop them is subject to the following risks:

- we may be unable to acquire a desired property because of competition from other real estate investors with substantial capital, including from publicly traded REITs and institutional investment funds;
- even if we are able to acquire a desired property, competition from other potential acquirers may significantly increase the purchase price;
- even if we enter into agreements for the acquisition of properties, these agreements are subject to customary conditions to closing, including completion of due diligence investigations to our satisfaction;
- we may incur significant costs and divert management attention in connection with evaluation and negotiation of potential acquisitions, including ones that we are subsequently unable to complete;
- we may acquire properties that are not initially accretive to our results upon acquisition, and we may not successfully manage and lease those properties to meet our expectations;
- we may be unable to finance the acquisition on favorable terms in the time period we desire, or at all;
- even if we are able to finance the acquisition, our cash flow may be insufficient to meet our required principal and interest payments;
- we may spend more than budgeted to make necessary improvements or renovations to acquired properties;
- we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisition of portfolios of properties, into our existing operations, and as a result our results of operations and financial condition could be adversely affected;
- market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and

we may acquire properties subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities for clean-up of undisclosed environmental contamination, claims by tenants or other persons dealing with former owners of the properties and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

If we cannot finance property acquisitions in a timely manner and on favorable terms, or operate acquired properties to meet our financial expectations, our financial condition, results of operations, cash flow, per share trading price of our Class A Common Stock and ability to satisfy our principal and interest obligations and to make distributions to our shareholders could be adversely affected.

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We depend on external sources of capital that are outside of our control, which may affect our ability to seize strategic opportunities, satisfy our debt obligations and make distributions to our shareholders.

In order to maintain our qualification as a REIT, we are generally required under the Code to annually distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain. In addition, as a REIT, we will be subject to income tax at regular corporate rates to the extent that we distribute less than 100% of our REIT taxable income, including any net capital gains. Because of these distribution requirements, we may not be able to fund future capital needs, including any necessary acquisition financing, from operating cash flow. Consequently, we may rely on third-party sources to fund our capital needs. We may not be able to obtain the financing on favorable terms, in the time period we desire, or at all. Any additional debt we incur will increase our leverage, expose us to the risk of default and may impose operating restrictions on us, and any additional equity we raise could be dilutive to existing shareholders. Our access to third-party sources of capital depends, in part, on:

- general market conditions;
- the market s view of the quality of our assets;
- the market s perception of our growth potential;
- our current debt levels;
- our current and expected future earnings;
- our cash flow and cash distributions; and
- the market price per share of our Class A Common Stock.

If we cannot obtain capital from third-party sources, we may not be able to acquire or develop properties when strategic opportunities exist, satisfy our principal and interest obligations or make the cash distributions to our shareholders necessary to maintain our qualification as a REIT.

We may be unable to sell a property at the time we desire and on favorable terms or at all, which could inhibit our ability to utilize our capital to make strategic acquisitions and could adversely affect our results of operations, financial condition and ability to make distributions to our shareholders.

Real estate investments generally cannot be sold quickly. Our ability to dispose of properties on advantageous terms depends on factors beyond on our control, including competition from other sellers and the availability of attractive financing for potential buyers of our properties, and we cannot predict the various market conditions affecting real estate investments that will exist at any particular time in the future. In addition, the Code generally imposes a 100% tax on gain recognized by REITs upon the disposition of assets if the assets are held primarily for sale in the ordinary course of business, rather than for investment, which may cause us to forego or defer sales of properties that otherwise would be attractive from a pre-tax perspective. As a result of such tax laws and the uncertainty of market conditions, our ability to promptly make changes to our portfolio as necessary to respond to economic and other conditions may be limited, and we cannot provide any assurance that we will be able to sell such properties at a profit, or at all. Accordingly, our ability to access capital through dispositions may be limited which could limit our ability to acquire properties strategically and pay down indebtedness and would limit our ability to make distributions to our shareholders.

In addition, certain of our leases contain provisions giving the tenant a right to purchase the property, which can take the form of a fixed price purchase option, a fair market value purchase option, a put option, a right of first refusal or a right of first offer. When acquiring a property in the future, we may also agree to restrictions that prohibit the sale of that property for period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These provisions may restrict our ability to sell a property at opportune times or on favorable terms and, as a result, may adversely impact our cash flows and results of operations.

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Furthermore, we may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure our shareholders that we will have funds available to correct such defects or to make such improvements and, therefore, we may be unable to sell the asset or may have to sell it at a reduced cost.

Joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on co-venturers financial condition and disputes between us and our co-venturers.

We have made and may continue to make investments in joint ventures or other partnership arrangements between us and our joint venture partners. As of September 30, 2011, we held 55 operating properties (as well as a portion of one other property) with 6.8 million square feet of GLA in two consolidated joint ventures and 22 operating properties with 3.6 million square feet of GLA in three unconsolidated joint ventures. Investments in joint ventures or other partnership arrangements involve risks not present were a third party not involved, including the following:

- we do not have exclusive control over the development, financing, leasing, management and other aspects of the property or joint venture, which may prevent us from taking actions that are in our best interest but opposed by our partners;

- prior consent of our joint venture partners may be required for a sale or transfer to a third party of our interest in the joint venture, which would restrict our ability to dispose of our interest in the joint venture;

- two of our unconsolidated operating joint venture agreements have, and future joint venture agreements may contain, buy-sell provisions pursuant to which one partner may initiate procedures requiring the other partner to choose between buying the other partner s interest or selling its interest to that partner;

- our partners might become bankrupt or fail to fund their share of required capital contributions necessary to refinance debt or to fund tenant improvements or development or renovation projects for the joint venture properties, which may force us to contribute more capital than we anticipated to cover the joint venture s liabilities;

- our partners may have competing interests in our markets that could create conflict of interest issues;

- our partners may have economic or business interests or goals that are inconsistent with our interests or goals and may take actions contrary to our instructions, requests, policies or objectives;

- two of our joint venture agreements have, and future joint venture agreements may contain, provisions limiting our ability to solicit or otherwise attempt to persuade any tenant to relocate to another property not owned by the joint venture;

- our partners may take actions that could jeopardize our REIT status or require us to pay tax;

- actions by partners might subject real properties owned by the joint venture to liabilities greater than those contemplated by the terms of the joint venture or other adverse consequences that may reduce our returns;

- disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and effort on our business and could result in subjecting properties owned by the partnership or joint venture to additional risk; and

we may in certain circumstances be liable for the actions of our third-party partners or co-venturers.

If any of the foregoing were to occur, our financial condition, results of operations and cash available for distribution to our shareholders could be adversely affected.

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Our development and construction activities have inherent risks, which could adversely impact our results of operations and cash flow.

Our construction and development activities include risks that are different and, in most cases, greater than the risks associated with our acquisition of fully developed and operating properties. We may provide a completion of construction and principal guaranty to the construction lender. As a result of such a guaranty, we may subject a property to liabilities in excess of those contemplated and thus reduce our return to investors.

In addition to the risks associated with real estate investments in general as described elsewhere, the risks associated with our development activities include:

- significant time lag between commencement and stabilization subjects us to greater risks due to fluctuations in the general economy, including national, regional and local economic downturns, and shifts in demographics;
- expenditure of money and time on projects that may never be completed;
- occupancy rates and rents at a newly completed property may not be sufficient to make the property profitable;
- inability to achieve projected occupancy and/or rental rates per square foot within the projected time frame, if at all;
- failure or inability to obtain construction or permanent financing on favorable terms or at all;
- higher than estimated construction or operating costs, including labor and material costs;
- inability to complete construction and lease-up on schedule, resulting in increased debt service expense and construction costs; and
- possible delay in completion of a project because of a number of factors, including weather, labor disruptions, construction delays or delays in receipt of zoning or other regulatory approvals, acts of terror or other acts of violence, or acts of God (such as fires, earthquakes or floods).

Additionally, the time frame required for development and lease-up of these properties means that we may not realize a significant cash return for several years. If any of the above events occur, the development of the properties may hinder our growth and have an adverse effect on our results of operations and cash flow. In addition, new development activities, regardless of whether or not they are ultimately successful, typically require substantial time and attention from management.

Bankruptcy of our developers could impose delays and costs on us with respect to the development retail properties and may adversely affect our financial condition and results of operations.

The bankruptcy of one of the developers in any of our development joint ventures could materially and adversely affect the relevant property or properties. If the relevant joint venture through which we have invested in a property has incurred recourse obligations, the discharge in bankruptcy of the developer may require us to honor a completion guarantee and therefore might result in our ultimate liability for a greater portion of those obligations than we would otherwise bear.

A number of properties in our portfolio are subject to ground leases; if we are found to be in breach of a ground lease or are unable to renew a ground lease, we could be materially and adversely affected.

We have 17 properties in our portfolio that are either completely or partially on land subject to ground leases. Accordingly, we only own a long-term leasehold or similar interest in those properties. If we are found to be in breach of a ground lease, we could lose the right to use the property. In addition, unless we can purchase a fee interest in the underlying land and improvements or extend the terms of these leases before their expiration, as to which no assurance can be given, we will lose our right to operate these properties and our interest in the

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improvements upon expiration of the leases. Assuming that we exercise all available options to extend the terms of our ground leases, all of our ground leases will expire between 2018 and 2105. However, in certain cases, our ability to exercise such options is subject to the condition that we are not in default under the terms of the ground lease at the time that we exercise such options, and we can provide no assurances that we will be able to exercise our options at such time. Furthermore, we can provide no assurances that we will be able to renew our ground lease upon expiration. If we were to lose the right to use a property due to a breach or non-renewal of the ground lease, we would be unable to derive income from such property and would be required to purchase an interest in another property to attempt to replace that income, which could materially and adversely affect us.

Uninsured losses or losses in excess of insurance coverage could materially and adversely affect our financial condition and results of operations.

Each tenant is responsible for insuring its goods and premises and, in some circumstances, may be required to reimburse us for a share of the cost of acquiring comprehensive insurance for the property, including casualty, liability, fire and extended coverage customarily obtained for similar properties in amounts which we determine are sufficient to cover reasonably foreseeable losses. Tenants on a net lease typically are required to pay all insurance costs associated with their space. However, material losses may occur in excess of insurance proceeds with respect to any property and we may not have sufficient resources to fund such losses. In addition, we may be subject to certain types of losses, generally of a catastrophic nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution or environmental matters, which are either uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or co-payments. If we experience a loss that is uninsured or that exceeds policy limits, we could lose all or a significant portion of the capital we have invested in the damaged property, as well as the anticipated future revenue of the property, which could materially and adversely affect our financial condition and results of operations. Inflation, changes in building codes and ordinances, environmental considerations and other factors also might make it impractical or undesirable to use insurance proceeds to replace a property after it has been damaged or destroyed. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged. Furthermore, we may not be able to obtain adequate insurance coverage at reasonable costs in the future, as the costs associated with property and casualty renewals may be higher than anticipated.

In addition, insurance risks associated with potential terrorism acts could sharply increase the premium we pay for coverage against property and casualty claims. Further, mortgage lenders, in some cases, have begun to insist that specific coverage against terrorism be purchased by commercial property owners as a condition for providing mortgage loans. It is uncertain whether such insurance policies will be available, or available at reasonable costs, which could inhibit our ability to finance or refinance our properties. In such instances, we may be required to provide other financial support, either through financial assurances or self-insurance, to cover potential losses. We cannot assure our shareholders that we will have adequate coverage for such losses and, to the extent we must pay unexpectedly large amounts for insurance, our financial condition, results of operations and ability to make distributions to our shareholders could be materially and adversely affected.

Some of our properties are subject to potential natural or other disasters, which could cause significant damage to our properties and adversely affect our financial condition and results of operations.

A number of our properties are located in areas which are susceptible to, and could be significantly affected by, natural disasters that could cause significant damage to our properties. For example, many of our properties are located in coastal regions, and would therefore be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. In addition, a number of our properties are located in California and other regions that are especially susceptible to earthquakes. If we experience a loss, due to such natural disasters or other relevant factors, that is uninsured or which exceeds our policy limits, we could incur significant costs and lose the capital invested in the damaged properties, as well as the anticipated future revenue from those properties, which could adversely affect our financial condition and results of operations. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

We may incur liability with respect to contaminated property or incur costs to comply with environmental laws, which may negatively impact our financial condition and results of operations.

Under various federal, state or local laws, ordinances and regulations, as a current or former owner or operator of real property, we may be liable for costs and damages resulting from the presence or release of hazardous substances, waste, or petroleum products at, on, in, under or from such property, including costs for investigation, remediation, natural resource damages or third party liability for personal injury or property damage. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence or release of such materials, and the liability may be joint and several. In addition, the presence of contamination or the failure to remediate contamination at our properties may adversely affect our ability to sell, redevelop, or lease such property or to borrow using the property as collateral. Environmental laws also may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which that property may be used or how businesses may be operated on that property. Some of our properties have been or may be impacted by contamination arising from current or prior uses of the property or adjacent properties for commercial or industrial purposes. Such contamination may arise from spills of petroleum or hazardous substances or releases from tanks used to store such materials. We also may be liable for the costs of remediating contamination at off-site disposal or treatment facilities when we arrange for disposal or treatment of hazardous substances at such facilities, without regard to whether we comply with environmental laws in doing so.

In addition, our properties are subject to various federal, state and local environmental, health and safety laws, including laws governing the management of wastes and underground and aboveground storage tanks. Noncompliance with these environmental, health and safety laws could subject us or our tenants to liability. These environmental liabilities could affect a tenant s ability to make rental payments to us. Moreover, changes in laws could increase the potential costs of compliance with environmental laws, health and safety laws or increase liability for noncompliance. This may result in significant unanticipated expenditures or may otherwise materially and adversely affect our operations, or those of our tenants, which could in turn have a material adverse effect on us.

As the owner or operator of real property, we may also incur liability based on various building conditions. For example, buildings and other structures on properties that we currently own or operate or those we acquire or operate in the future contain, may contain, or may have contained, asbestos-containing material, or ACM. Environmental, health and safety laws require that ACM be properly managed and maintained and may impose fines or penalties on owners, operators or employers for non-compliance with those requirements. These requirements include special precautions, such as removal, abatement or air monitoring, if ACM would be disturbed during maintenance, renovation or demolition of a building, potentially resulting in substantial costs. In addition, we may be subject to liability for personal injury or property damage sustained as a result of exposure to ACM or releases of ACM into the environment.

We cannot assure you that costs or liabilities incurred as a result of environmental issues will not affect our ability to make distributions to our shareholders or that such costs or liabilities will not have a material adverse effect on our financial condition and results of operations.

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Our properties may contain or develop harmful mold or suffer from other indoor air quality issues, which could lead to liability for adverse health effects or property damage or cost for remediation.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants or to increase ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants, or others if property damage or personal injury occurs.

We may incur significant costs complying with the ADA and similar laws, which could adversely affect our financial condition, results of operations, cash flow and trading price of our Class A Common Stock.

Under the ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. Although we believe the properties in our portfolio substantially comply with present requirements of the ADA, we have not conducted an audit or investigation of all of our properties to determine our compliance. If one or more of the properties in our portfolio is not in compliance with the ADA, we would be required to incur additional costs to bring the property into compliance. Additional federal, state and local laws also may require modifications to our properties, or restrict our ability to renovate our properties. We cannot predict the ultimate cost of compliance with the ADA or other legislation. If we incur substantial costs to comply with the ADA and any other legislation, our financial condition, results of operations, cash flow, per share trading price of our Class A Common Stock and our ability to satisfy our debt obligations and to make distributions to our shareholders could be adversely affected.

We may experience a decline in the fair value of our assets and be forced to recognize impairment charges, which could materially and adversely impact our financial condition, liquidity and results of operations and the price of our Class A Common Stock.

A decline in the fair value of our assets may require us to recognize an impairment against such assets under GAAP if we were to determine that, with respect to any assets in unrealized loss positions, we do not have the ability and intent to hold such assets to maturity or for a period of time sufficient to allow for recovery to the amortized cost of such assets. If such a determination were to be made, we would recognize unrealized losses through earnings and write down the amortized cost of such assets to a new cost basis, based on the fair value of such assets on the date they are considered to be unrecoverable. Such impairment charges reflect non-cash losses at the time of recognition; subsequent disposition or sale of such assets could further affect our future losses or gains, as they are based on the difference between the sale price received and adjusted amortized cost of such assets at the time of sale. In addition, there may be significant uncertainty in the valuation, or in the stability of the value, of our properties and those of our unconsolidated joint ventures, that could result in a substantial decrease in the value of our properties and those of our unconsolidated joint ventures. As a result, we may not be able to recover the carrying amount of our properties and/or our investments in our unconsolidated joint ventures and we may be required to recognize an impairment charge. For the nine months ended September 30, 2011 and for the years ended December 31, 2010, 2009 and 2008, we recognized aggregate impairment losses of $31.8 million, $23.1 million, $82.0 million and $463.4 million, respectively. We may be required to recognize additional asset impairment charges in the future, which could materially and adversely affect our financial condition, liquidity, results of operations and the per share trading price of our Class A Common Stock.

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***Our investment in marketable securities has negatively impacted our results of operations and may do so in the future*.**

Currently, our investment in marketable securities consists of preferred and common stock that are classified as available-for-sale and recorded at fair value. We have recognized other-than-temporary impairments related to our investment in these securities primarily as a result of the severity of the decline in market value and the length of time over which these securities experienced such declines. For example, other-than-temporary impairments were $24.8 million and $160.3 million for the years ended December 31, 2009 and 2008, respectively. The Company did not recognize other-than-temporary impairments for the nine months ended September 30, 2011 or the year ended December 31, 2010. As of September 30, 2011, our investment in marketable securities totaled $30.0 million, which included $18.0 million of accumulated unrealized gain. If our stock positions decline in value, we could take additional other-than-temporary impairments, which could materially and adversely affect our results of operations. In addition, we purchase a portion of our securities through a margin account. If the value of those securities declines and we face a margin call, we may be required to sell those securities at unfavorable times and record a loss or to post additional cash as collateral, which could adversely affect our financial condition, results and operations and our ability to satisfy our debt obligations and make distributions to our shareholders.

Further, we may continue to invest in marketable securities in the future. Investments in marketable securities are subject to specific risks relating to the particular issuer of the securities, including the financial condition and business outlook of the issuer, which may result in significant losses to us. Marketable securities are generally unsecured and may also be subordinated to other obligations of the issuer. As a result, investments in marketable securities are subject to risks of: (i) limited liquidity in the secondary trading market; (ii) substantial market price volatility resulting from changes in prevailing interest rates; (iii) subordination to the prior claims of banks and other senior lenders to the issuer; (iv) the possibility that earnings of the issuer may be insufficient to meet its debt service and distribution obligations; and (v) the declining creditworthiness and potential for insolvency of the issuer during periods of rising interest rates and economic downturn. These risks may adversely affect the value of outstanding marketable securities and the ability of the issuer to make distribution payments.

Our success depends on key personnel whose continued service is not guaranteed.

We depend on the efforts and expertise of our senior management team to manage our day-to-day operations and strategic business direction. We do not, however, have employment agreements with the members of our senior management team. Therefore, we cannot guarantee their continued service. Moreover, among other things, it would constitute an event of default under the credit agreement governing our senior secured revolving line of credit and secured term loan if certain members of management (or a reasonably satisfactory replacement) ceased to continue to be active on a daily basis in our management. The loss of their services, and our inability to find suitable replacements, could have an adverse effect on our operations.

RISKS RELATED TO OUR DEBT FINANCING

We had approximately $3.5 billion of consolidated indebtedness outstanding as of September 30, 2011, which could adversely affect our financial health and operating flexibility.

We have a substantial amount of indebtedness. As of September 30, 2011, we had approximately $3.5 billion of aggregate consolidated indebtedness outstanding, substantially all of which was secured by one or more of our properties or our equity interests in our joint ventures. As a result of this substantial indebtedness, we are required to use a material portion of our cash flow to service principal and interest on our debt, which will limit the cash flow available to pursue desirable business opportunities, pay operating expenses and make distributions to our shareholders.

Our substantial indebtedness could have important consequences to us and the trading price of our Class A Common Stock, including:

- limiting our ability to borrow additional amounts for working capital, capital expenditures, debt service requirements, execution of our growth strategy or other purposes;

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- limiting our ability to use operating cash flow in other areas of our business because we must dedicate a substantial portion of these funds to service the debt;
- increasing our vulnerability to general adverse economic and industry conditions, including increases in interest rates;
- limiting our ability to capitalize on business opportunities, including the acquisition of additional properties, and to react to competitive pressures and adverse changes in government regulation;
- limiting our ability or increasing the costs to refinance indebtedness;
- limiting our ability to enter into marketing and hedging transactions by reducing the number of counterparties with whom we can enter into such transactions as well as the volume of those transactions;
- we may be forced to dispose of one or more properties, possibly on disadvantageous terms;
- we may be forced to sell additional equity securities at prices that may be dilutive to existing shareholders;
- we may default on our obligations or violate restrictive covenants, in which case the lenders or mortgagees may accelerate our debt obligations, foreclose on the properties that secure their loans and/or take control of our properties that secure their loans and collect rents and other property income;
- in the event of a default under any of our recourse indebtedness or in certain circumstances under our mortgage indebtedness, we would be liable for any deficiency between the value of the property securing such loan and the principal and accrued interest on the loan; and
- our default under certain of our indebtedness could trigger cross-default provisions, which would result in a default on other indebtedness.

If any one of these events were to occur, our financial condition, results of operations, cash flow, per share trading price of our Class A Common Stock and our ability to satisfy our principal and interest obligations and to make distributions to our shareholders could be materially and adversely affected.

Our financial condition and ability to make distributions to our shareholders could be adversely affected by financial and other covenants and other provisions under the credit agreement governing our senior secured revolving line of credit and secured term loan or other debt agreements.

On February 4, 2011, we amended and restated our existing credit agreement to provide for a senior secured credit facility in the aggregate amount of $585.0 million, consisting of a $435.0 million senior secured revolving line of credit and a $150.0 million secured term loan with a number of financial institutions. The credit agreement governing this senior secured revolving line of credit and secured term loan requires compliance with certain financial and operating covenants, including, among other things, leverage ratios, certain coverage ratios and net worth covenants, a covenant regarding minimum occupancy, limitations on our ability to incur unhedged variable rate debt or recourse indebtedness, limitations on our investments in unimproved land, unconsolidated joint ventures, construction in progress and mortgage notes receivable. The credit agreement also requires us to obtain consent prior to selling assets above a certain value or increasing our total assets by more than a certain amount as a result of a merger. In addition, our senior secured revolving line of credit and secured term loan limit our distributions to the greater of 95% of FFO as defined in the credit agreement (which equals FFO, as set forth in Management s Discussion and Analysis of Financial Condition and Results of Operations Funds from Operations, excluding gains or losses from extraordinary items, impairments and other non-cash charges) or the amount necessary for us to maintain our qualification as a REIT. The senior secured revolving line of credit and secured term loan also contain customary events of default, including but not limited to, non-payment of principal, interest fees or other amounts, breaches of covenants, defaults on any recourse indebtedness of Inland Western Retail Real Estate Trust, Inc. in excess of $20.0 million or any non-recourse indebtedness in excess of $100.0 million in the aggregate subject to certain carveouts, failure of certain members of management (or a reasonably satisfactory replacement) to continue to be active on a daily basis in our management and bankruptcy

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or other insolvency events. These provisions could limit our ability to make distributions to our shareholders, obtain additional funds needed to address cash shortfalls or pursue growth opportunities or transactions that would provide substantial returns to our shareholders. In addition, a breach of these covenants or other event of default would allow the lenders to accelerate payment of advances under the credit agreement. If payment is accelerated, our assets may not be sufficient to repay such debt in full and, as a result, such an event may have a material adverse effect on our financial condition.

In addition, and in connection with the debt refinancing transaction of IW JV, we entered into a lockbox and cash management agreement pursuant to which substantially all the income generated by the IW JV properties will be deposited directly into a lockbox account established by the lender. In the event of a default or the debt service coverage ratio falling below a set amount, the cash management agreement provides that excess cash flow will be swept into a cash management account, for the benefit of the lender, to be held as additional security after the payment of interest and approved property operating expenses. Cash will not be distributed to us from these accounts until the earlier of a cash sweep event cure, or the repayment of the mortgage loan, senior mezzanine note and junior mezzanine note. As of September 30, 2011, we were in compliance with the terms of the cash management agreement, however, if an event of default were to occur, we may be forced to borrow funds in order to make distributions to our shareholders and maintain our qualification as a REIT.

Given the restrictions in our debt covenants on these and other activities, we may be significantly limited in our operating and financial flexibility and may be limited in our ability to respond to changes in our business or competitive activities in the future.

We incur mortgage indebtedness and other borrowings, which reduce the funds available for distributions required to maintain our status as a REIT and to avoid income and excise tax.

We historically have incurred mortgage indebtedness and other borrowings in order to finance acquisitions or ongoing operations and we intend to continue to do so in the future. Our debt service and repayment requirements will not be reduced regardless of our actual cash flows. In addition, in order to maintain our qualification as a REIT, we must distribute to our shareholders at least 90% of our annual REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains, and we are generally subject to corporate tax on any retained income. As a result, if our future cash flow is not sufficient to meet our debt service and repayment requirements and the REIT distribution requirements, we may be required to use cash reserves, incur additional debt, sell equity securities or liquidate assets in order to meet those requirements. However, we cannot assure you that capital will be available from such sources on favorable terms or at all, which may negatively impact our financial condition, results of operations and ability to make distributions to our shareholders.

Substantially all of the mortgage indebtedness we incur is secured, which increases our risk of loss since defaults may result in foreclosure. In addition, mortgages sometimes include cross-collateralization or cross-default provisions that increase the risk that more than one property may be affected by a default.

As of September 30, 2011, we had a total of $3.3 billion, net of premiums of $11.2 million and discounts of $2.1 million, of indebtedness secured by 269 of our 278 operating properties. Because substantially all of our properties are mortgaged to secure payments of indebtedness, we are subject to the risk of property loss since defaults on indebtedness secured by properties may result in foreclosure actions initiated by lenders and ultimately our loss of the property securing the loan for which we are in default.

For example, as of December 9, 2011, we were in default on $51.8 million of mortgage loans secured by a total of two properties with 788,134 square feet of GLA representing $7.0 million of annualized base rent as of September 30, 2011. We can provide no assurance that we will be able to restructure our current obligations under the mortgage loans that were in default or that our negotiations with the lenders will result in favorable outcomes to us. Failure to restructure our mortgage obligations could result in default and foreclosure actions and loss of the underlying properties. In the event that we default on other mortgages in the future, either as result of ceasing to make debt service payments or the failure to meet applicable covenants, we may have additional properties that are subject to potential foreclosure. In addition, as a result of cross-collateralization or cross-default provisions contained in certain of our mortgage loans, a default under one mortgage loan could result in a default on other indebtedness and cause us to lose other better performing properties, which could materially and adversely affect our financial condition and results of operations.

Further, for tax purposes, a foreclosure of any nonrecourse mortgage on 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 the foreclosure without accompanying cash proceeds, a circumstance which could hinder our ability to meet the REIT distribution requirements imposed by the Code. As a result, we may be required to identify and utilize other sources of cash for distributions to our shareholders of that income.

Dislocations in the credit markets, including the continuing effects of the severe dislocation experienced in 2008 and 2009, may adversely affect our ability to obtain debt financing at favorable rates or at all.

Dislocations in the credit markets, generally or relating to the real estate industry specifically, may adversely affect our ability to obtain debt financing at favorable rates or at all. The credit markets experienced a severe dislocation during 2008 and 2009, which, for certain periods of time, resulted in the near unavailability of debt financing for even the most creditworthy borrowers. Although the credit markets have recovered from this severe dislocation, there are a number of continuing effects, including a weakening of many traditional sources of debt financing, a reduction in the overall amount of debt financing available, lower loan to value ratios, a tightening of lender underwriting standards and terms and higher interest rate spreads. As a result, we may not be able to refinance our existing debt when it comes due or to obtain new debt financing for acquisitions or development projects, or we may be forced to accept less favorable terms, including increased collateral to secure our indebtedness, higher interest rates and/or more restrictive covenants. If we are not successful in refinancing our debt when it becomes due, we may default under our loan obligations, enter into foreclosure proceedings, or be forced to dispose of properties on disadvantageous terms, any of which might adversely affect our ability to service other debt and to meet our other obligations. In addition, if a dislocation similar to that which occurred in 2008 and 2009 occurs in the future, the values of our properties may decline further, which could limit our ability to obtain future debt financing, refinance existing debt or utilize existing debt commitments and thus materially and adversely affect on our financial condition, particularly if it occurs at a time when we have significant debt maturities coming due.

Future increases in interest rates may adversely affect any future refinancing of our debt, may require us to sell properties and could adversely affect our ability to make distributions to our shareholders.

If we incur debt in the future and do not have sufficient funds to repay such debt at maturity, it may be necessary to refinance the debt through additional debt or additional equity financings. If, at the time of any refinancing, prevailing interest rates or other factors result in higher interest rates on refinancings, our net income could be reduced and any increases in interest expense could adversely affect our cash flows. Consequently, our cash available for distribution to our shareholders would be reduced and we may be prevented from borrowing more money. Any such future increases in interest rates would result in higher interest rates on new debt and our existing variable rate debt and may adversely impact our financial condition.

Further, if we are unable to refinance our debt on acceptable terms, we may be forced to dispose of properties on disadvantageous terms, potentially resulting in losses. We may place mortgages on properties that we acquire to secure a revolving line of credit or other debt. To the extent we cannot meet future debt service obligations, we will risk losing some or all of our properties that may be pledged to secure our obligations. Also, covenants applicable to any future debt could impair our planned investment strategy, and, if violated, result in default.

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RISKS RELATED TO OUR ORGANIZATIONAL STRUCTURE

Our board of directors may change significant corporate policies without shareholder approval.

Our investment, financing, borrowing and distribution policies and our policies with respect to all other activities, including growth, debt, capitalization and operations, are determined by our board of directors. These policies may be amended or revised at any time and from time to time at the discretion of the board of directors without a vote of our shareholders. As a result, the ability of our shareholders to control our policies and practices is extremely limited. We could make investments and engage in business activities that are different from, and possibly riskier than, the investments and businesses described in this prospectus. In addition, our board of directors may change our policies with respect to conflicts of interest provided that such changes are consistent with applicable legal and regulatory requirements, including the listing standards of the NYSE. A change in these policies could have an adverse effect on our financial condition, results of operations, cash flows, per share trading price of our Class A Common Stock and ability to satisfy our debt service obligations and to make distributions to our shareholders.

We could increase the number of authorized shares of stock and issue stock without shareholder approval.

Subject to applicable legal and regulatory requirements, our charter authorizes our board of directors, without shareholder approval, to increase the aggregate number of authorized shares of stock or the number of authorized shares of stock of any class or series, to authorize us to issue authorized but unissued shares of our common stock or preferred stock and to classify or reclassify any unissued shares of our common stock or preferred stock and to set the preferences, rights and other terms of such classified or unclassified shares. As a result, we may issue series or classes of common stock or preferred stock with preferences, dividends, powers and rights, voting or otherwise, that are senior to, or otherwise conflict with, the rights of holders of our common stock. In addition, our board of directors could establish a series of preferred stock that could, depending on the terms of such series, delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our shareholders may believe is in their best interests.

Provisions of our charter may limit the ability of a third party to acquire control of our company.

Our charter provides that no person may beneficially own more than 9.8% in value or number of shares, whichever is more restrictive, of our outstanding common stock or 9.8% in value of the aggregate outstanding shares of our capital stock. These ownership limitations may prevent an acquisition of control of our company by a third party without our board of directors approval, even if our shareholders believe the change in control is in their best interests.

Certain provisions of Maryland law could inhibit changes in control of us, which could lower the value of our Class A Common Stock.

Certain provisions of the Maryland General Corporation Law, or MGCL, may have the effect of inhibiting or deterring a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

- business combination provisions that, subject to limitations, prohibit certain business combinations between us and an interested shareholder (defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate or associate of ours who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of our then outstanding voting shares) or an affiliate of an interested shareholder for five years after the most recent date on which the shareholder becomes an interested shareholder, and thereafter may impose special shareholder voting requirements unless certain minimum price conditions are satisfied; and

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control share provisions that provide that control shares of our company (defined as shares which, when aggregated with other shares controlled by the shareholder, entitle the shareholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a control share acquisition (defined as the direct or indirect acquisition of ownership or control of outstanding control shares) have no voting rights except to the extent approved by our shareholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

Prior to the completion of this offering, we intend to opt out of these provisions of the MGCL, in the case of the business combination provisions of the MGCL by resolution of our board of directors, and in the case of the control share provisions of the MGCL pursuant to a provision in our bylaws. However, following our opt out, in the future, only upon the approval of our shareholders, our board of directors may by resolution elect to opt in to the business combination provisions of the MGCL and we may, only upon the approval of our shareholders, by amendment to our bylaws, opt in to the control share provisions of the MGCL.

Title 3, Subtitle 8 of the MGCL permits our board of directors, without shareholder approval and regardless of what is currently provided in our charter or bylaws, to implement certain takeover defenses, including adopting a classified board. Such takeover defenses may have the effect of inhibiting a third party from making an acquisition proposal for us or of delaying, deferring or preventing a change in control of us under the circumstances that otherwise could provide our common shareholders with the opportunity to realize a premium over the then current market price.

In addition, the provisions of our charter on removal of directors and the advance notice provisions of our bylaws could delay, defer or prevent a transaction or a change of control of our company that might involve a premium price for holders of our common stock or that our shareholders may believe to be in their best interests. Likewise, if our company s board of directors were to opt in to the business combination provisions of the MGCL or the provisions of Title 3, Subtitle 8 of the MGCL, or if the provision in our bylaws opting out of the control share acquisition provisions of the MGCL were rescinded by our board of directors and our shareholders, these provisions of the MGCL could have similar anti-takeover effects. See Certain Provisions of Maryland Law and of Our Charter and Bylaws Business Combinations and Certain Provisions of Maryland Law and of Our Charter and Bylaws Control Share Acquisitions and Certain Provisions of Maryland Law and of Our Charter and Bylaws Certain Elective Provisions of Maryland Law .

Our rights and the rights of our shareholders to take action against our directors and officers are limited, which could limit your recourse in the event of actions that you do not believe are in your best interests.

Maryland law provides that a director or officer has no liability in that capacity if he or she satisfies his or her duties to us and our shareholders. Upon completion of this offering, as permitted by the MGCL, our charter will limit the liability of our directors and officers to us and our shareholders for money damages, except for liability resulting from:

actual receipt of an improper benefit or profit in money, property or services; or

a final judgment based upon a finding of active and deliberate dishonesty by the director or officer that was material to the cause of action adjudicated.

In addition, our charter will authorize us to obligate us, and our bylaws will require us, to indemnify our directors for actions taken by them in those capacities to the maximum extent permitted by Maryland law. Our charter and bylaws will also authorize us to obligate us, and indemnification agreements that we have entered into with certain of our officers will require us, to indemnify these officers for actions taken by them in those capacities to the maximum extent permitted by Maryland law. As a result, we and our shareholders may have more limited rights against our directors and officers than might otherwise exist. Accordingly, in the event that actions taken in good faith by any of our directors or officers impede the performance of our company, your ability to recover damages from such director or officer will be limited. In addition, we will be obligated to

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advance the defense costs incurred by our directors and our officers with indemnification agreements, and may, in the discretion of our board of directors, advance the defense costs incurred by our employees and other agents, in connection with legal proceedings.

Our charter contains provisions that make removal of our directors difficult, which could make it difficult for our shareholders to effect changes to our management.

Our charter provides that a director may only be removed for cause upon the affirmative vote of holders of a majority of the votes entitled to be cast in the election of directors. Vacancies may be filled only by a majority of the remaining directors in office, even if less than a quorum. These requirements make it more difficult to change our management by removing and replacing directors and may prevent a change in control of our company that is in the best interests of our shareholders.

RISKS RELATING TO OUR REIT STATUS

Failure to qualify as a REIT would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distributions to our shareholders and materially and adversely affect our financial condition and results of operations.

We believe that we have been organized, owned and operated in conformity with the requirements for qualification and taxation as a REIT under the Code beginning with our taxable year ended December 31, 2003, and that our intended manner of ownership and operation will enable us to continue to meet the requirements for qualification and taxation as a REIT for federal income tax purposes. However, we cannot assure you that we have qualified or will qualify as such. Shareholders should be aware that qualification as a REIT involves the application of highly technical and complex provisions of the Code as to which there are only limited judicial and administrative interpretations and involves the determination of facts and circumstances not entirely within our control. Future legislation, new regulations, administrative interpretations or court decisions may significantly change the tax laws or the application of the tax laws with respect to qualification as a REIT or the federal income tax consequences of such qualification.

If we fail to qualify as a REIT in any taxable year, we will face serious tax consequences that will substantially reduce the funds available for distributions to our shareholders because:

- we would not be allowed a deduction for dividends paid to shareholders in computing our taxable income and would be subject to U.S. federal income tax at regular corporate rates;
- we could be subject to the U.S. federal alternative minimum tax;
- we could be subject to increased state and local taxes; and
- unless we are entitled to relief under certain U.S. federal income tax laws, we could not re-elect REIT status until the fifth calendar year after the year in which we failed to qualify as a REIT.

In addition, if we fail to qualify as a REIT, we will not be required to make distributions and it could result in default under certain of our indebtedness agreements. As a result of all these factors, our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and it would adversely affect the value of our stock. See Material U.S. Federal Income Tax Considerations for a discussion of material U.S. federal income tax consequences relating to us and our Class A Common Stock.

Even if we qualify as a REIT, we may face other tax liabilities that reduce our cash flows.

Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, taxes on net income from certain prohibited transactions, tax on income from certain activities conducted as a result of a foreclosure, and state or local income, franchise, property and transfer taxes. In addition, we could, in certain circumstances, be required to pay

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an excise or penalty tax (which could be significant in amount) in order to utilize one or more relief provisions under the Code to maintain our qualification as a REIT. Also, our subsidiaries that are taxable REIT subsidiaries, or TRSs, will be subject to regular corporate U.S. federal, state and local taxes. To the extent that we conduct operations outside of the United States, our operations would subject us to applicable foreign taxes as well. Any of these taxes would decrease our earnings and our cash available for distributions to shareholders.

Failure to make required distributions would subject us to U.S. federal corporate income tax.

In order to qualify as a REIT, we generally are required to distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding net capital gains, each year to our shareholders. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to U.S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our shareholders for a calendar year is less than a minimum amount specified under the Code. Moreover, our senior secured revolving line of credit and secured term loan may limit our distributions to the minimum amount required to maintain REIT status. Specifically, they limit our distributions to the greater of 95% of FFO as defined in the credit agreement (which equals FFO, as set forth in Management s Discussion and Analysis of Financial Condition and Results of Operations Funds from Operations, excluding gains or losses from extraordinary items, impairments and other non-cash charges) or the amount necessary for us to maintain our qualification as a REIT. To the extent these limits prevent us from distributing 100% of our REIT taxable income, we will be subject to income tax, and potentially excise tax, on the retained amounts.

We may be required to borrow funds to satisfy our REIT distribution requirements.

In order to maintain our qualification as a REIT and to meet the REIT distribution requirements, we may need to borrow funds on a short-term basis or sell assets, even if the then-prevailing market conditions are not favorable for these borrowings or sales. Our cash flows from operations may be insufficient to fund required distributions as a result of differences in timing between the actual receipt of income and the recognition of income for U.S. federal income tax purposes, or the effect of non-deductible expenditures, such as capital expenditures, payments of compensation for which Section 162(m) of the Code denies a deduction, the creation of reserves or required debt service or amortization payments. The insufficiency of our cash flows to cover our distribution requirements could have an adverse impact on our ability to raise short- and long-term debt or to sell equity securities in order to fund distributions required to maintain our qualification as a REIT. Also, although the Internal Revenue Service, or IRS, has issued Revenue Procedure 2010-12 treating certain issuances of taxable stock dividends by REITs as distributions for purposes of the REIT requirements for taxable years ending on or before December 31, 2011, no assurance can be given that the IRS will extend this treatment or that we will otherwise be able to pay taxable stock dividends to meet our REIT distribution requirements.

We may in the future choose to pay dividends in the form of our stock instead of cash, in which case shareholders may be required to pay income taxes in excess of the cash dividends they receive.

We may, in the future, distribute taxable dividends that are payable in cash and stock at the election of each shareholder or distribute other forms of taxable stock dividends. Taxable shareholders receiving such dividends or other forms of taxable stock dividends will be required to include the full amount of the dividend as ordinary income to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, shareholders may be required to pay income taxes with respect to such dividends in excess of the cash dividends received. If a shareholder sells the stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, in the case of certain non-U.S. shareholders, we may be required to withhold U.S. federal income tax with respect to such dividends, including with respect to all or a portion of such dividend that is payable in stock. In addition, if a significant number of our shareholders decide to sell their shares in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock.

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Dividends payable by REITs generally do not qualify for reduced tax rates.

Certain dividends payable to individuals, trusts and estates that are U.S. shareholders, as defined in Material U.S. Federal Income Tax Considerations below, are currently subject to U.S. federal income tax at a maximum rate of 15% and are scheduled to be taxed at ordinary income rates for taxable years beginning after December 31, 2012. Dividends payable by REITs, however, are generally not eligible for the current reduced rates. The more favorable rates applicable to regular corporate dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stock of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our Class A Common Stock.

Complying with REIT requirements may cause us to forego otherwise attractive opportunities or to liquidate otherwise attractive investments.

To qualify as a REIT, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our shareholders and the ownership of our capital stock. In order to meet these tests, we may be required to forego investments we might otherwise make and refrain from engaging in certain activities as discussed under Material U.S. Federal Income Tax Considerations below. Thus, compliance with the REIT requirements may hinder our performance.

In addition, if we fail to comply with certain asset ownership tests described under Material U.S. Federal Income Tax Considerations, below, at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification. As a result, we may be required to liquidate otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to our shareholders.

We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our stock.

At any time, the U.S. federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. We cannot predict if or when any new U.S. federal income tax law, regulation, or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation, or interpretation may take effect retroactively. We and our shareholders could be adversely affected by any such change in, or any new, U.S. federal income tax law, regulation or administrative interpretation.

You may be restricted from acquiring or transferring certain amounts of our stock.

In order to maintain our REIT qualification, among other requirements, no more than 50% in value of our outstanding stock may be owned, directly or indirectly, by five or fewer individuals, as defined in the Code to include certain kinds of entities, during the last half of any taxable year, other than the first year for which we made a REIT election. To assist us in qualifying as a REIT, our charter contains an aggregate stock ownership limit of 9.8% and a common stock ownership limit of 9.8%. Generally, any shares of our stock owned by affiliated owners will be added together for purposes of the aggregate stock ownership limit, and any shares of common stock owned by affiliated owners will be added together for purposes of the common stock ownership limit.

If anyone attempts to transfer or own shares of stock in a way that would violate the aggregate stock ownership limit or the common stock ownership limit, unless such ownership limits have been waived by our board of directors, or in a way that would prevent us from continuing to qualify as a REIT, those shares instead will be transferred to a trust for the benefit of a charitable beneficiary and will be either redeemed by us or sold to a person whose ownership of the shares will not violate the aggregate stock ownership limit or the common stock ownership limit. If this transfer to a trust fails to prevent such a violation or our disqualification as a REIT, then the initial intended transfer or ownership will be null and void from the outset. Anyone who acquires or owns shares of stock in violation of the aggregate stock ownership limit or the common stock ownership limit, unless

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such ownership limit or limits have been waived by our board of directors, or in violation of the other restrictions on transfer or ownership in our charter bears the risk of a financial loss when the shares of stock are redeemed or sold if the market price of our stock falls between the date of purchase and the date of redemption or sale.

Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.

The REIT provisions of the Code limit our ability to hedge our liabilities. Generally, income from a hedging transaction we enter into to manage risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets does not constitute gross income for purposes of the 75% or 95% gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both gross income tests. As a result of these rules, we may need to limit our use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of our hedging activities because our TRS would be subject to tax on income or gains resulting from hedges entered into by it or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in any of our TRSs will generally not provide any tax benefit, except for being carried forward for use against future taxable income in the TRSs.

The ability of our board of directors to revoke our REIT qualification without shareholder approval may cause adverse consequences to our shareholders.

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without the approval of our shareholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to be a REIT, we will not be allowed a deduction for dividends paid to shareholders in computing our taxable income and will be subject to U.S. federal income tax at regular corporate rates and state and local taxes, which may have adverse consequences on our total return to our shareholders.

The anticipated opinion of our tax counsel regarding our status as a REIT does not guarantee our qualification as a REIT.

Our tax counsel, Goodwin Procter LLP, is expected to render an opinion to us to the effect that, commencing with our taxable year ended December 31, 2003, we have been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code and our current and proposed ownership and method of operations will allow us to satisfy the requirements for qualification and taxation as a REIT under the Code for subsequent taxable years. The opinion of Goodwin Procter LLP would be based upon various assumptions, our closing agreement with the IRS, and our representations as to our past and contemplated future ownership, investments, distributions and operations, among other things. The validity of the opinion of Goodwin Procter LLP and our qualification as a REIT will also depend on our satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis, the results of which will not be monitored by Goodwin Procter LLP. Accordingly, no assurances can be given that we have satisfied or will satisfy the REIT requirements in any taxable year. Also, the opinion of Goodwin Procter LLP would represent counsel s legal judgment based on the law in effect as of the date of the initial closing of this offering (or, with respect to past years, the law in effect for such years), would not be binding on the IRS or any court and could be subject to modification or withdrawal based on future legislative, judicial or administrative changes to the U.S. federal income tax laws, any of which could be applied retroactively. Goodwin Procter LLP will have no obligation to advise us or the holders of our stock of any subsequent change in the matters stated, represented or assumed in its opinion or of any subsequent change in applicable law.

Your investment has various tax risks.

Although the provisions of the Code generally relevant to an investment in shares of our Class A Common Stock are described in Material U.S. Federal Income Tax Considerations, we urge you to consult your tax advisor concerning the U.S. federal, state, local and foreign tax consequences to you with regard to an investment in shares of our Class A Common Stock.

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RISKS RELATED TO THIS OFFERING

There is currently no public market for our Class A Common Stock, and we cannot assure you that a public market will develop.

Prior to this offering, there has been no public market for our shares of Class A Common Stock, and we cannot assure you that an active trading market will develop or be sustained. In the absence of a public trading market, a shareholder may be unable to liquidate an investment in our Class A Common Stock. The initial public offering price for our Class A Common Stock will be determined by agreement among us and the underwriters, and we cannot assure you that our Class A Common Stock will not trade below the initial public offering price following the completion of this offering. Whether a public market for our Class A Common Stock will develop will depend on a number of factors including the extent of institutional investor interest in us, the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities (including securities issued by other real estate-based companies), our financial performance and general stock and bond market conditions. If a robust public market for our Class A Common Stock does not develop, you may have difficulty selling shares of our Class A Common Stock, which could adversely affect the price that you receive for such shares.

The market price and trading volume of our Class A Common Stock may be volatile.

The U.S. stock markets, including the NYSE, on which we have applied to have our Class A Common Stock listed under the symbol IWST , have experienced significant price and volume fluctuations. As a result, the market price of shares of our Class A Common Stock is likely to be similarly volatile, and investors in shares of our Class A Common Stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. We cannot assure you that the market price of our Class A Common Stock will not fluctuate or decline significantly in the future.

In addition to the risks listed in this Risk Factors section, a number of factors could negatively affect our share price or result in fluctuations in the price or trading volume of our Class A Common Stock, including:

- the annual yield from distributions on our Class A Common Stock as compared to yields on other financial instruments;
- equity issuances by us, or future sales of substantial amounts of our Class A Common Stock by our existing or future shareholders, or the perception that such issuances or future sales may occur;
- conversions of our Class B Common Stock into shares of our Class A Common Stock or sales of our Class B Common Stock;
- changes in market valuations of companies in the retail or real estate industries;
- increases in market interest rates or a decrease in our distributions to shareholders that lead purchasers of our shares to demand a higher yield;
- changes in market valuations of similar companies;
- fluctuations in stock market prices and volumes;
- additions or departures of key management personnel;

our operating performance and the performance of other similar companies;

actual or anticipated differences in our quarterly operating results;

changes in expectations of future financial performance or changes in estimates of securities analysts;

publication of research reports about us or our industry by securities analysts;

failure to qualify as a REIT;

adverse market reaction to any indebtedness we incur in the future;

strategic decisions by us or our competitors, such as acquisitions, divestments, spin-offs, joint ventures, strategic investments or changes in business strategy;

the passage of legislation or other regulatory developments that adversely affect us or our industry;

speculation in the press or investment community;

changes in our earnings;

failure to satisfy the listing requirements of the NYSE;

failure to comply with the requirements of the Sarbanes-Oxley Act;

actions by institutional shareholders;

changes in accounting principles; and

general market conditions, including factors unrelated to our performance.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management s attention and resources, which could have a material adverse effect on our cash flows, our ability to execute our business strategy and our ability to make distributions to our shareholders.

Because we have a large number of shareholders and our shares have not been listed on a national securities exchange prior to this offering, there may be significant pent-up demand to sell our shares. Significant sales of our Class A Common Stock, or the perception that significant sales of such shares could occur, may cause the price of our Class A Common Stock to decline significantly.

As of December 9, 2011, we had approximately million shares of common stock issued and outstanding after giving effect to the Recapitalization, consisting of approximately million shares of our Class A Common Stock and million shares of our Class B Common Stock. Prior to this offering, our common stock was not listed on any national securities exchange and the ability of shareholders to liquidate their investments was limited. Additionally, our share repurchase program, which, in any event, only allowed us to repurchase up to 5% of the weighted average number of shares of our common stock outstanding during the prior calendar year in any 12-month period, has been suspended as of November 19, 2008. As a result, there may be significant pent-up demand to sell shares of our common stock. A large volume of sales of shares of our Class A Common Stock (whether they are Class A shares that are issued in the offering, Class A shares that are held by our existing shareholders upon the closing of the offering, or Class A shares created by the automatic conversion of our Class B shares over time) could decrease the prevailing market price of our Class A Common Stock and could impair our ability to raise additional capital through the sale of equity securities in the future. Even if a substantial number of sales of our Class A shares are not effected, the mere perception of the possibility of these sales could depress the market price of our Class A Common Stock and have a negative effect on our ability to raise capital in the future.

Although our Class B Common Stock will not be listed on a national securities exchange following the closing of this offering, sales of such shares or the perception that such sales could occur could have a material adverse effect on the trading price of our Class A Common Stock.

After giving effect to this offering and the Recapitalization, approximately million shares (or million shares if the underwriters exercise their overallotment option in full) of our common stock will be issued and outstanding, of which approximately million, or % (% if the underwriters exercise their overallotment option in full), will be shares of our Class B Common Stock, which is divided equally among our Class B-1, Class B-2 and Class B-3 Common Stock. Although our Class B Common Stock will not be listed on a national securities exchange, it is not subject to transfer restrictions (other than the restrictions on ownership and transfer of stock set forth in our charter), therefore, such stock will be freely tradable. As a result, it is possible that a market may develop for shares of our Class B Common Stock, and sales of such shares, or the perception that such sales could occur, could have a material adverse effect on the trading price of our Class A Common Stock.

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Additionally, all of our Class B Common Stock will be converted into Class A Common Stock over time. As a result, holders of shares of Class B Common Stock seeking to immediately liquidate their investment in our common stock could engage in immediate short sales of our Class A Common Stock prior to the date on which the Class B Common Stock converts into Class A Common Stock and use the shares of Class A Common Stock that they receive upon conversion of their Class B Common Stock to cover these short sales in the future. Such short sales could depress the market price of our Class A Common Stock and limit the effectiveness of the Recapitalization as a strategy for limiting the number of shares of our common stock held by our shareholder prior to this offering that may be sold shortly after this offering.

Future conversions of our Class B Common Stock could adversely affect the market price of our Class A Common Stock.

After giving effect to the Recapitalization, we will have million shares of each of our Class B-1, Class B-2 and Class B-3 Common Stock outstanding immediately following this offering. Although our Class B Common Stock will not be listed on a national securities exchange, our Class B-1 Common Stock, Class B-2 Common Stock and Class B-3 Common Stock will convert automatically into Class A Common Stock months, months and months, respectively, following the initial listing of our Class A Common Stock on the NYSE. We cannot predict the effect that the conversion of shares of our Class B Common Stock into our Class A Common Stock will have on the market price of our Class A Common Stock, but these ongoing conversions may place constant downward pressure on the price of our Class A Common Stock, particularly at the time of each conversion.

Future offerings of debt securities, which would be senior to our common stock, or equity securities, which would dilute our existing shareholders and may be senior to our common stock, may adversely affect the market price of our common stock.

In the future, we may attempt to increase our capital resources by offering debt or equity securities, including medium term notes, senior or subordinated notes and classes of preferred or common stock. Debt securities or shares of preferred stock will generally be entitled to receive interest payments or distributions, both current and in connection with any liquidation or sale, prior to the holders of our common stock. We are not required to offer any such additional debt or equity securities to existing common shareholders on a preemptive basis. Therefore, offerings of common stock or other equity securities may dilute the holdings of our existing shareholders. Future offerings of debt or equity securities, or the perception that such offerings may occur, may reduce the market price of our common stock and/or the distributions that we pay with respect to our common stock. Because we may generally issue any such debt or equity securities in the future without obtaining the consent of our shareholders, you will bear the risk of our future offerings reducing the market price of our common stock and diluting your proportionate ownership.

Our distributions to shareholders may change, which could adversely affect the market price of our Class A Common Stock.

All distributions will be at the sole discretion of our board of directors and will depend upon our actual and projected financial condition, results of operations, cash flows, liquidity and FFO, maintenance of our REIT qualification and such other matters as our board of directors may deem relevant from time to time. We may not be able to make distributions in the future or may need to fund such distributions from external sources, as to which no assurances can be given. In addition, we may choose to retain operating cash flow for investment purposes, working capital reserves or other purposes, and these retained funds, although increasing the value of our underlying assets, may not correspondingly increase the market price of our Class A Common Stock. Our failure to meet the market s expectations with regard to future cash distributions likely would adversely affect the market price of our Class A Common Stock.

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Increases in market interest rates may result in a decrease in the value of our Class A Common Stock.

One of the factors that may influence the price of our Class A Common Stock will be the dividend distribution rate on the Class A Common Stock (as a percentage of the price of our Class A Common Stock) relative to market interest rates. If market interest rates rise, prospective purchasers of shares of our Class A Common Stock may expect a higher distribution rate. Higher interest rates would not, however, result in more funds being available for distribution and, in fact, would likely increase our borrowing costs and might decrease our funds available for distribution. We therefore may not be able, or we may not choose, to provide a higher distribution rate. As a result, prospective purchasers may decide to purchase other securities rather than our Class A Common Stock, which would reduce the demand for, and result in a decline in the market price of, our Class A Common Stock.

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FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the safe harbor from civil liability provided for such statements by the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act). In particular, statements pertaining to our capital resources, portfolio performance, dividend policy and results of operations contain forward-looking statements. Likewise, all our statements regarding anticipated growth in our portfolio from operations, acquisitions and anticipated market conditions, demographics and results of operations are forward-looking statements. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). You can identify forward-looking statements by the use of forward-looking terminology such as believes, expects, may, will, should, seeks, approximately, intends, plans, pro forma, estimates, contemplates, aims, continues, would or anticipates words and phrases or similar words or phrases. You can also identify forward-looking statements by discussions of strategies, plans or intentions. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- the factors included in this prospectus, including those set forth under the headings Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations and Our Business and Properties;
- general economic, business and financial conditions, and changes in our industry and changes in the real estate markets in particular;
- adverse economic and other developments in the Dallas-Fort Worth-Arlington area, where we have a high concentration of properties;
- use of proceeds of this offering;
- general volatility of the capital and credit markets and the market price of our common stock;
- changes in our business strategy;
- defaults on, early terminations of or non-renewal of leases by tenants;
- bankruptcy or insolvency of a major tenant or a significant number of smaller tenants;
- increased interest rates and operating costs;
- declining real estate valuations and impairment charges;
- availability, terms and deployment of capital;

our failure to obtain necessary outside financing;

our expected leverage;

decreased rental rates or increased vacancy rates;

our failure to generate sufficient cash flows to service our outstanding indebtedness;

difficulties in identifying properties to acquire and completing acquisitions;

risks of real estate acquisitions, dispositions and redevelopment, including the cost of construction delays and cost overruns;

our failure to successfully operate acquired properties and operations;

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- our projected operating results;
- our ability to manage our growth effectively;
- our failure to successfully redevelop properties;
- estimates relating to our ability to make distributions to our shareholders in the future;
- impact of changes in governmental regulations, tax law and rates and similar matters;
- our failure to qualify as a REIT;
- future terrorist attacks in the U.S.;
- environmental uncertainties and risks related to natural disasters;
- lack or insufficient amounts of insurance;
- financial market fluctuations;
- availability of and our ability to attract and retain qualified personnel;
- retention of our senior management team;
- our understanding of our competition;
- changes in real estate and zoning laws and increases in real property tax rates; and
- our ability to comply with the laws, rules and regulations applicable to companies and, in particular, public companies.

For a further discussion of these and other factors that could impact our future results, performance or transactions, see the section above entitled "Risk Factors." You should not place undue reliance on any forward-looking statements, which are based only on information currently available to us (or to third parties making the forward-looking statements). We undertake no obligation to publicly release any revisions to such forward-looking statements to reflect events or circumstances after the date of this prospectus, except as required by applicable law.

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USE OF PROCEEDS

We estimate that the net proceeds we will receive from this offering, after deducting the underwriting discount and estimated expenses of the offering payable by us, will be approximately $ million (or approximately $ million if the underwriters exercise their overallotment option in full), assuming a public offering price of $ per share, which is the midpoint of the range set forth on the cover of this prospectus.

We intend to use approximately $ million of the net proceeds received from this offering to repay amounts outstanding under our senior secured revolving line of credit. Our senior secured revolving line of credit matures on February 3, 2013, with a one-year extension option that we may exercise in certain circumstances, and bears interest at a variable rate equal to LIBOR plus a margin of between 2.75% and 4.00% per annum based on our leverage ratio. The weighted average interest rate under the senior secured revolving line of credit and the secured term loan was 3.81% as of December 9, 2011. We used the amounts that we borrowed under our senior secured revolving line of credit to repay other indebtedness and for general corporate purposes. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Senior Secured Revolving Line of Credit and Secured Term Loan for a further discussion of the terms of our senior secured revolving line of credit.

Affiliates of J.P. Morgan Securities LLC, Citigroup Global Markets Inc., Deutsche Bank Securities Inc. and KeyBanc Capital Markets Inc. are lenders under our senior secured revolving line of credit, and will receive their pro rata portion of the $ million of the net proceeds from this offering used to repay amounts outstanding under our senior secured revolving line of credit. Accordingly, more than 5% of the net proceeds of this offering are intended to be used to repay amounts owed to affiliates of these underwriters.

We intend to use $ million of net proceeds received from this offering to repurchase Inland Equity s interest in IW JV. Pursuant to IW JV s organizational documents, we have the option to call Inland Equity s interest in IW JV for an amount which is the greater of either: (a) fair market value of Inland Equity s interest or (b) $50 million, plus an additional distribution of $5 million and any unpaid preferred return or promote, as defined therein. As a result, following this offering we anticipate that we will own 100% of IW JV. See Certain Relationships and Related Transactions Joint Ventures with Inland Equity for a further discussion of IW JV and our relationship with Inland Equity.

We intend to use the remainder of the net proceeds received from this offering for general corporate and working capital purposes.

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RECAPITALIZATION

Prior to the completion of this offering, we intend to declare a stock dividend pursuant to which each outstanding share of our common stock will receive:

- one share of our Class B-1 Common Stock; plus
- one share of our Class B-2 Common Stock; plus
- one share of our Class B-3 Common Stock.

In connection with this stock dividend, we intend to redesignate our then outstanding common stock as Class A Common Stock. Prior to the declaration of the stock dividend, and as part of the Recapitalization, we intend to effectuate a to one reverse stock split of our common stock.

Our Class B Common Stock will be identical to our Class A Common Stock except that (i) we do not intend to list our Class B Common Stock on a national securities exchange and (ii) shares of our Class B Common Stock will convert automatically into shares of our Class A Common Stock, pursuant to provisions of our charter, on the following schedule:

- months following the Listing, in the case of our Class B-1 Common Stock;
- months following the Listing, in the case of our Class B-2 Common Stock; and
- months following the Listing, in the case of our Class B-3 Common Stock.

In addition, if they have not otherwise converted, all shares of our Class B Common Stock will convert automatically into shares of our Class A Common Stock on the date that is months following the Listing.

The Recapitalization also will have the effect of reducing the total number of outstanding shares of our common stock. As of December 9, 2011, without giving effect to the Recapitalization, we had approximately 483.8 million shares of common stock outstanding. As of December 9, 2011, after giving effect to the Recapitalization, we would have had an aggregate of approximately million shares of our Class A and Class B Common Stock outstanding, divided equally among Class A, Class B-1, Class B-2 and Class B-3. All of these shares (except for certain shares described in Shares Eligible for Future Sale) will be freely tradable upon the completion of this offering except as otherwise provided in the restrictions on ownership and transfer of stock set forth in our charter. Of this amount, approximately million shares of our Class A Common Stock will be outstanding and approximately million shares of our Class B Common Stock, representing 75% of our total outstanding common stock, will be outstanding.

The Recapitalization will be effected on a pro rata basis with respect to all of our shareholders. Accordingly, it will not affect any shareholder s proportionate ownership of our outstanding shares. We will not complete this offering unless we complete the Recapitalization.

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DISTRIBUTION POLICY

We intend to continue to qualify as a REIT for U.S. federal income tax purposes. The Code generally requires that a REIT distribute annually at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain, and imposes tax on any taxable income retained by a REIT, including capital gains.

To satisfy the requirements for qualification as a REIT and generally not be subject to U.S. federal income and excise tax, we intend to make regular quarterly distributions of all or substantially all of our REIT taxable income to holders of our common stock out of assets legally available for such purposes. Our future distributions will be at the sole discretion of our board of directors. When determining the amount of future distributions, we expect that our board of directors will consider, among other factors, (i) the amount of cash generated from our operating activities, (ii) our expectations of future cash flows, (iii) our determination of near-term cash needs for debt repayments, existing or future share repurchases, and selective acquisitions of new properties, (iv) the timing of significant re-leasing activities and the establishment of additional cash reserves for anticipated tenant improvements and general property capital improvements, (v) our ability to continue to access additional sources of capital, (vi) the amount required to be distributed to maintain our status as a REIT and to reduce any income and excise taxes that we otherwise would be required to pay and (vii) any limitations on our distributions contained in our credit or other agreements, including, without limitation, in our senior secured revolving line of credit and secured term loan, which limit our distributions to the greater of 95% of FFO as defined in the credit agreement (which equals FFO, as set forth in Management s Discussion and Analysis of Financial Condition and Results of Operations Funds from Operations, excluding gains or losses from extraordinary items, impairments and other non-cash charges) or the amount necessary for us to maintain our qualification as a REIT.

If our operations do not generate sufficient cash flow to allow us to satisfy the REIT distribution requirements, we may be required to fund distributions from working capital, borrow funds, sell assets or reduce such distributions. Our distribution policy enables us to review the alternative funding sources available to us from time to time. Our actual results of operations will be affected by a number of factors, including the revenues we receive from our properties, our operating expenses, interest expense, the ability of our tenants to meet their obligations and unanticipated expenditures. For more information regarding risk factors that could materially adversely affect our actual results of operations, please see Risk Factors beginning on page 17.

The table below sets forth the quarterly dividend distributions per common share for the nine months ended September 30, 2011 and the years ended December 31, 2010, 2009 and 2008.

	Nine Months Ended September 30, 2011	Year Ended December 31, 2010	2009	2008[1]
First Quarter	$ 0.05938	$ 0.04375	$ 0.0488	$ 0.1605
Second Quarter	0.06250	0.04625	0.05	0.1605
Third Quarter	0.06375	0.05	0.025	0.1605
Fourth Quarter		0.05625	0.0325	0.1605
Total	$ 0.18563	$ 0.19625	$ 0.1563	$ 0.6420

(1) During 2008, distributions were made on a monthly basis.

The following table compares cash flows provided by operating activities to distributions declared for the nine months ended September 30, 2011 and 2010 and for the years ended December 31, 2010, 2009 and 2008:

	Nine Months Ended September 30,		Years Ended December 31,		
	2011	2010	2010	2009	2008
Cash flows provided by operating activities	$ 128,387	$ 153,672	$ 184,072	$ 249,837	$ 309,351
Distributions declared	89,202(1)	67,728	94,579	75,040	308,798
Excess	$ 39,185	$ 85,944	$ 89,493	$ 174,797	$ 553

(1) Distributions for the quarter ended September 30, 2011 were declared on October 3, 2011 to shareholders of record on that date and were paid on October 11, 2011. As such, $30,738 included in this total was not recorded until October 3, 2011.

For each of these periods, our cash flows provided by operating activities exceeded the amount of our distributions declared.

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CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2011 (i) on a historical basis, (ii) on an as adjusted basis to reflect additional amounts drawn through November 3, 2011 under our senior secured revolving line of credit (no additional amounts were drawn through December 9, 2011) and (iii) on an as further adjusted basis to also reflect this offering and the use of the net proceeds from this offering as set forth in Use of Proceeds. All information in the following table has been adjusted to reflect the Recapitalization, which will be effected prior to the completion of this offering.

You should read this table together with Use of Proceeds, Selected Consolidated Financial and Operating Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and notes thereto included elsewhere in this prospectus.

	As of September 30, 2011		
	Historical	As Adjusted	As Further Adjusted
	(in thousands, except per share data)		
Mortgages and notes payable	$ 3,014,069		
Secured credit facility	470,000		
Shareholders equity:			
Preferred stock, $0.001 par value, 10,000 shares authorized, none outstanding, historical, as adjusted and as further adjusted			
Common stock, $0.001 par value per share, 640,000 shares authorized, 482,161 shares issued and outstanding, historical, and as adjusted and no shares issued and outstanding, as further adjusted	482		
Class A Common Stock, $0.001 par value per share, shares authorized, no shares issued and outstanding, historical and as adjusted and shares issued and outstanding, as further adjusted			
Class B-1 Common Stock, $0.001 par value per share, shares authorized, no shares issued and outstanding, historical and as adjusted shares issued and outstanding, as further adjusted			
Class B-2 Common Stock, $0.001 par value per share, shares authorized, no shares issued and outstanding, historical and as adjusted shares issued and outstanding, as further adjusted			
Class B-3 Common Stock, $0.001 par value per share, shares authorized, no shares issued and outstanding, historical and as adjusted, and as adjusted shares issued and outstanding, as further adjusted			
Additional paid-in capital	4,416,117		
Accumulated distributions in excess of earnings	(2,236,857)		
Accumulated other comprehensive income	19,133		
Total shareholders equity	2,198,875		
Noncontrolling interests	1,494		
Total equity	2,200,369		
Total Capitalization	$ 5,684,438		

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DILUTION

If you invest in our Class A Common Stock, your interest will be diluted immediately to the extent of the difference between the public offering price per share you will pay in this offering and the pro forma net tangible book value per share of our common stock immediately after this offering.

Our net tangible book value as of September 30, 2011 was approximately $2.1 billion, or on a pro forma basis, $ per share. Pro forma net tangible book value per share represents the amount of our total tangible assets minus total liabilities, divided by the total number of shares of common stock outstanding as of , after giving effect to the Recapitalization.

After giving effect to the sale of the shares of our Class A Common Stock we are offering at the public offering price of $ per share, and after deducting the underwriting discount and our estimated offering expenses, our pro forma as adjusted net tangible book value as of would have been approximately $ million, or $ per share. This represents an immediate increase in pro forma net tangible book value of $ per share and an immediate dilution of $ per share to new investors. The following table illustrates this calculation on a per share basis:

Public offering price per share of Class A Common Stock		$
Pro forma net tangible book value per share of common stock as of September 30, 2011	$	
Increase per share attributable to this offering		
Pro forma as adjusted net tangible book value per share of common stock after this offering		
Pro forma dilution per share to new investors		$

If the underwriters exercise their overallotment option in full, pro forma as adjusted net tangible book value will increase to $ per share, representing an increase to existing holders of $ per share, and an immediate dilution of $ per share to new investors.

The tables and calculations above are based on shares of our common stock outstanding as of September 30, 2011, on an actual basis, and excludes:

- shares of our common stock issuable upon the exercise of outstanding stock options as of , at a weighted average exercise price per share of $; and

- shares of our common stock reserved for future issuance under our incentive award plans as of .

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SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The selected consolidated financial and operating data set forth below as of December 31, 2010 and 2009 and for the years ended December 31, 2010, 2009 and 2008 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The audited consolidated financial statements as of December 31, 2010 and 2009 and for the years ended December 31, 2010 and 2009 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm. The audited consolidated financial statements for the year ended December 31, 2008 have been audited by KPMG LLP, an independent registered public accounting firm. The selected consolidated financial and operating data set forth below as of December 31, 2008, 2007 and 2006 and for the years ended December 31, 2007 and 2006 have been derived from our audited consolidated financial statements not included in this prospectus. The selected consolidated financial operating data set forth below as of September 30, 2011 and for the nine months ended September 30, 2011 and 2010 has been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and, in the opinion of our management, reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of this data. The results of any interim period are not necessarily indicative of the results that may be expected for a full year. Certain amounts presented for the periods ended December 31, 2010, 2009, 2008, 2007 and 2006 have been reclassified to conform to our presentation of discontinued operations in our unaudited consolidated financial statements as of and for the nine months ended September 30, 2011 and 2010.

Because the information presented below is only a summary and does not provide all of the information contained in our historical consolidated financial statements, including the related notes, you should read it in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical consolidated financial statements, including the related notes, included elsewhere in this prospectus. The amounts in the table are dollars in thousands except for share and per share information. The share and per share information set forth below gives effect to the Recapitalization.

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	Nine Months Ended September 30,		Year Ended December 31,				
	2011	2010	2010	2009	2008	2007	2006
			(in thousands except for per share data)				
Statements of Operations Data:							
Rental income	$ 365,374	$ 380,949	$ 503,901	$ 512,768	$ 546,372	$ 529,789	$ 508,241
Tenant recovery income	81,215	90,101	113,992	120,760	129,120	139,287	116,174
Other property income	7,909	10,880	15,507	18,804	19,736	14,415	10,741
Insurance captive income		2,253	2,996	2,261	1,938	1,890	177
Total revenues	$ 454,498	$ 484,183	$ 636,396	$ 654,593	$ 697,166	$ 685,381	$ 635,333
Property operating expenses	$ 76,800	$ 79,847	$ 105,607	$ 121,493	$ 139,712	$ 130,991	$ 110,708
Real estate taxes	59,079	68,435	85,088	92,523	86,403	83,872	76,100
Depreciation and amortization	177,783	182,154	241,684	244,790	245,944	236,864	224,969
Provision for impairment of investment properties	31,752	11,030	14,430	50,700	51,600	13,560	
Loss on lease terminations	8,172	8,763	13,720	13,735	64,648	11,788	4,562
Insurance captive expenses		3,034	3,392	3,655	2,874	1,598	344
General and administrative expenses	16,416	13,412	18,119	21,191	19,997	16,535	14,854
Advisor asset management fee						23,750	39,500
Total expenses	$ 370,002	$ 366,675	$ 482,040	$ 548,087	$ 611,178	$ 518,958	$ 471,037
Operating income	$ 84,496	$ 117,508	$ 154,356	$ 106,506	$ 85,988	$ 166,423	$ 164,296
Dividend income	1,776	3,034	3,472	10,132	24,010	23,729	37,501
Interest income	507	548	740	1,483	4,329	13,671	23,127
Gain on contribution of investment properties						11,749	
Loss on partial sales of investment properties			(385)				
Gain on extinguishment of debt	15,429					2,486	
Equity in (loss) income of unconsolidated joint ventures	(6,028)	1,609	2,025	(11,299)	(4,939)	96	(3,727)
Interest expense	(175,486)	(195,418)	(258,222)	(231,094)	(207,216)	(198,949)	(198,085)
Co-venture obligation expense	(5,375)	(5,375)	(7,167)	(597)			
Recognized gain (loss) on marketable securities, net	277	536	4,007	18,039	(160,888)	(19,967)	416
Impairment of goodwill					(377,916)		
Impairment of investment in unconsolidated entity					(5,524)		
Impairment of notes receivable				(17,322)			
Gain (loss) on interest rate locks				3,989	(16,778)		
Other income (expense)	1,320	(4,015)	(3,492)	(9,599)	(1,062)	237	(171)
(Loss) income from continuing operations	$ (83,084)	$ (81,573)	$ (104,666)	$ (129,762)	$ (659,996)	$ (525)	$ 23,357
Income (loss) from discontinued operations	20,164	(10,203)	9,959	14,353	(23,217)	43,559	6,611
Gain on sales of investment properties	4,171						
Net (loss) income	$ (58,749)	$ (91,776)	$ (94,707)	$ (115,409)	$ (683,213)	$ 43,034	$ 29,968
Net (income) loss attributable to noncontrolling interests	(23)	(656)	(1,136)	3,074	(514)	(1,365)	1,975
Net (loss) income attributable to Company shareholders	$ (58,772)	$ (92,432)	$ (95,843)	$ (112,335)	$ (683,727)	$ 41,669	$ 31,943

(Loss) earnings per common share basic and diluted:							
Continuing operations	$ (0.16)	$ (0.17)	$ (0.22)	$ (0.26)	$ (1.37)	$	$ 0.06
Discontinued operations	0.04	(0.02)	0.02	0.03	(0.05)	0.09	0.01
Net (loss) earnings per common share attributable to Company shareholders	$ (0.12)	$ (0.19)	$ (0.20)	$ (0.23)	$ (1.42)	$ 0.09	$ 0.07
Comprehensive (loss) income	$ (61,898)	$ (82,999)	$ (83,725)	$ (96,158)	$ (643,557)	$ (5,963)	$ 29,968
Comprehensive (income) loss attributable to noncontrolling interests	(23)	(656)	(1,136)	3,074	(514)	(1,365)	1,975
Comprehensive (loss) income attributable to Company shareholders	$ (61,921)	$ (83,655)	$ (84,861)	$ (93,084)	$ (644,071)	$ (7,328)	$ 31,943

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	September 30, 2011 As Adjusted[(1)]	September 30, 2011 Actual	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006
		(in thousands except for share and per share data)					
Selected Balance Sheet Data:							
Net investment properties less accumulated depreciation		$ 5,333,051	$ 5,686,473	$ 6,103,782	$ 6,631,506	$ 6,727,154	$ 6,873,144
Total assets		$ 5,975,488	$ 6,386,836	$ 6,928,365	$ 7,606,664	$ 8,305,831	$ 8,328,274
Mortgages and notes payable		$ 3,014,069	$ 3,602,890	$ 4,003,985	$ 4,402,602	$ 4,271,160	$ 4,313,223
Total liabilities		$ 3,774,594	$ 4,090,244	$ 4,482,119	$ 5,011,276	$ 4,685,539	$ 4,684,935
Common stock and additional paid-in-capital		$ 4,416,599	$ 4,383,758	$ 4,350,966	$ 4,313,640	$ 4,387,188	$ 3,997,044
Total shareholders equity		$ 2,198,875	$ 2,294,902	$ 2,441,550	$ 2,572,348	$ 3,598,765	$ 3,508,564
Ratio Data:							
Total net debt to Adjusted EBITDA[(2)(6)]		8.3x	8.5x	9.2x			
Combined net debt to combined Adjusted EBITDA[(2)(6)]		8.3x	8.5x	8.9x			

	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
		(in thousands except for number of properties, share and per share data)					
Other Data:							
Number of consolidated operating properties	278[(3)]	291	284	299	305	302	306
Total GLA (in thousands)	39,493	43,821	42,491	44,496	45,957	44,845	45,132
Distributions declared per common share	$ 0.19[(7)]	$ 0.14	$ 0.20	$ 0.16	$ 0.64	$ 0.64	$ 0.64
Funds from operations[(4)]	$ 103,937	$ 94,157	$ 135,170	$ 141,844	$ (349,401)	$ 287,601	$ 286,398
Total net operating income[(5)]	$ 320,031	$ 327,424	$ 437,710	$ 435,414	$ 468,466		
Combined net operating income[(5)]	$ 326,669	$ 331,137	$ 443,199	$ 439,200	$ 471,586		
Adjusted EBITDA[(6)]	$ 297,929	$ 321,525	$ 427,752	$ 435,022			
Combined Adjusted EBITDA[(6)]	$ 309,965	$ 326,215	$ 434,182	$ 452,709			
Cash flows provided by (used in):							
Operating activities	$ 128,387	$ 153,672	$ 184,072	$ 249,837	$ 309,351	$ 318,641	$ 296,578
Investing activities	$ 111,107	$ 19,845	$ 154,400	$ 193,706	$ (178,555)	$ (511,676)	$ (536,257)
Financing activities	$ (253,089)	$ (183,405)	$ (321,747)	$ (438,806)	$ (126,989)	$ 82,644	$ 168,583

(1) Presents historical information as of September 30, 2011 as adjusted to give effect to (i) additional amounts drawn through November 3, 2011 under our senior secured revolving line of credit (no additional amounts were drawn through December 9, 2011) and (ii) this offering and the use of the net proceeds from this offering as set forth in Use of Proceeds.

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(2) Total net debt to Adjusted EBITDA represents (i) our total debt less cash and cash equivalents divided by (ii) Adjusted EBITDA for the prior 12 months. Combined net debt to combined Adjusted EBITDA represents (i) the sum of (A) our total debt less cash and cash equivalents plus (B) our pro rata share of our investment property unconsolidated joint ventures total debt less our pro rata share of these joint ventures cash and cash equivalents divided by (ii) combined Adjusted EBITDA for the prior 12 months. These ratios are not presented as of December 31, 2008, 2007 or 2006. Our management believes that the ratios total net debt to Adjusted EBITDA and combined net debt to combined Adjusted EBITDA are useful because they provide investors with information regarding total debt net of cash and cash equivalents, which could be used to repay debt, compared to our performance as measured using Adjusted EBITDA and combined Adjusted EBITDA, which are described in footnote 5 below. The following table shows the reconciliation for net debt and combined net debt:

Reconciliation of Total Debt to Net Debt and Combined Net Debt

	As of September 30, 2011		As of December 31,	
			2010	2009
	As Adjusted	Actual		
	(in thousands)			
Total debt		$ 3,484,069	$ 3,757,237	$ 4,110,985
Less: cash and cash equivalents		(116,618)	(130,213)	(125,904)
Net debt		$ 3,367,451	$ 3,627,024	$ 3,985,081
Adjusted EBITDA(6)		404,156	427,752	435,022
Net debt to Adjusted EBITDA		8.3x	8.5x	9.2x
Net debt		$ 3,367,451	$ 3,627,024	$ 3,985,081
Add: pro rata share of our investment property unconsolidated joint ventures total debt		94,419	79,475	62,998
Less: pro rata share of our investment property unconsolidated joint ventures cash and cash equivalents		(2,455)	(1,527)	(4,116)
Combined net debt		$ 3,459,415	$ 3,704,972	$ 4,043,963
Combined Adjusted EBITDA(6)		417,932	434,182	452,709
Combined net debt to combined Adjusted EBITDA		8.3x	8.5x	8.9x

(3) Excludes two non-stabilized operating properties.

(4) For a definition and reconciliation of funds from operations, or FFO, and a statement disclosing the reasons why our management believes that presentation of FFO provides useful information to investors and, to the extent material, any additional purposes for which our management uses FFO, see Management s Discussion and Analysis of Financial Condition and Results of Operations Funds from Operations.

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(5) Total net operating income, or NOI, represents operating revenues (rental income, tenant recovery income, other property income, excluding straight-line rental income and amortization of acquired above and below market lease intangibles) less property operating expenses (real estate tax expense and property operating expense, excluding straight-line ground rent expense and straight-line bad debt expense) from our consolidated investments. Total NOI is not presented for the years ended December 31, 2007 or 2006. Combined net operating income, or combined NOI, represents NOI plus our pro rata share of NOI from our investment property unconsolidated joint ventures. Combined NOI is not presented for the years ended December 31, 2007 or 2006. For a reconciliation of total net operating income, or NOI, and a statement disclosing the reasons why our management believes that presentation of NOI provides useful information to investors and, to the extent material, any additional purposes for which our management uses NOI, which is also applicable to combined NOI, see Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations. The following table shows the reconciliation between net loss from investment property unconsolidated joint ventures and combined NOI:

Reconciliation of Net Loss from Investment Property Unconsolidated Joint Ventures to Combined NOI

	Nine Months Ended September 30, 2011	2010	Year Ended December 31, 2010	2009	2008
			(in thousands)		
Total net loss from investment property unconsolidated joint ventures	$ (11,669)	$ (1,195)	$ (3,373)	$ (14,393)	$ (9,108)
Adjustments:					
Straight-line rental income	$ (141)	$ (778)	$ (979)	$ (638)	$ (527)
Amortization of acquired above and below market lease intangibles	310	53	55	50	(124)
Interest income	(6)	(1,814)	(2,361)	(2,430)	(2,675)
Straight-line ground rent expense				50	40
Straight-line bad debt expense	(37)	(8)	56		
Depreciation and amortization	20,842	9,304	14,355	12,501	12,633
Provisions for impairment	4,067			9,411	3,639
Loss on lease terminations	1,642	690	658	718	3,316
General and administrative expenses	862	374	1,092	411	237
Interest expense	12,005	8,865	12,951	13,431	12,279
(Gain)/loss on sale of investment properties	29	(431)	(451)	701	
Other expense	2	16	16	15	
Total NOI from investment property unconsolidated joint ventures	$ 27,906	$ 15,076	$ 22,019	$ 19,827	$ 19,710
Pro rata share of NOI from investment property unconsolidated joint ventures	$ 6,638	$ 3,713	$ 5,489	$ 3,786	$ 3,120
Total NOI	$ 320,031	$ 327,424	$ 437,710	$ 435,414	$ 468,466
Combined NOI	$ 326,669	$ 331,137	$ 443,199	$ 439,200	$ 471,586

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(6) Adjusted EBITDA represents net income (loss) before interest, income taxes, depreciation and amortization, as further adjusted to eliminate the impact of certain items that we do not consider indicative of our ongoing performance. Combined Adjusted EBITDA represents Adjusted EBITDA plus our pro rata share of the EBITDA adjustments from our investment property unconsolidated joint ventures. The further adjustments that we make to Adjusted EBITDA and combined Adjusted EBITDA are itemized in the reconciliation below. In evaluating these measures, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Adjusted EBITDA and combined Adjusted EBITDA are not presented for the years ended December 31, 2008, 2007 or 2006. Our management believes that Adjusted EBITDA and combined Adjusted EBITDA are useful because they allow investors and management to evaluate and compare our performance from period to period in a meaningful and consistent manner in addition to standard financial measurements under GAAP. Adjusted EBITDA and combined Adjusted EBITDA are not measurements of financial performance under GAAP and should not be considered as alternatives to net income, as an indicator of operating performance or any measure of performance derived in accordance with GAAP. Our calculation of Adjusted EBITDA and combined Adjusted EBITDA may be different from the calculation used by other companies and, accordingly, comparability may be limited. The following table shows the reconciliation between net loss and Adjusted EBITDA and combined Adjusted EBITDA:

Reconciliation of Net Loss to Adjusted EBITDA and Combined Adjusted EBITDA

	Twelve Months Ended September 30, 2011	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010	Year Ended December 31, 2010	Year Ended December 31, 2009
			(in thousands)		
Net loss	$ (61,680)	$ (58,749)	$ (91,776)	$ (94,707)	$ (115,409)
Interest expense	238,290	175,486	195,418	258,222	231,094
Interest expense (discontinued operations)	1,327	371	5,738	6,694	13,399
Depreciation and amortization	237,313	177,783	182,154	241,684	244,790
Depreciation and amortization (discontinued operations)	4,015	1,669	4,058	6,404	13,802
Loss on partial sales of investment properties	385			385	
Gain on sales of investment properties	(4,171)	(4,171)			
Gain on sales of investment properties (discontinued operations)	(40,427)	(18,678)	(2,057)	(23,806)	(26,383)
Gain on extinguishment of debt	(15,429)	(15,429)			
Loss on lease terminations	13,129	8,172	8,763	13,720	13,735
Loss on lease terminations (discontinued operations)			106	106	
Provision for impairment of investment properties	35,152	31,752	11,030	14,430	50,700
Provision for impairment of investment properties (discontinued operations)			8,627	8,627	14,000
Impairment of notes receivable					17,322
Recognized gain on marketable securities, net	(3,748)	(277)	(536)	(4,007)	(18,039)
Gain on interest rate locks					(3,989)
Adjusted EBITDA	$ 404,156	$ 297,929	$ 321,525	$ 427,752	$ 435,022
Pro rata share of adjustments from investment property unconsolidated joint ventures:					
Interest expense	$ 3,541	$ 3,158	$ 2,421	$ 2,804	$ 4,294
Depreciation and amortization	6,087	4,779	2,473	3,781	3,372
Loss (gain) on sales of investment properties	11	28	(415)	(432)	675
Provision for impairment of investment properties	3,896	3,896			9,062
Amortization of basis (not pro rated)	241	175	211	277	284
Combined Adjusted EBITDA	$ 417,932	$ 309,965	$ 326,215	$ 434,182	$ 452,709

(7) Includes the distribution for the third quarter of 2011 of $0.06 per share declared on October 3, 2011.

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

This prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in forward-looking statements for many reasons, including the risks described in Risk Factors and elsewhere in this prospectus. Our results of operations and financial condition, as reflected in the accompanying financial statements and related notes, are subject to management s evaluation and interpretation of business conditions, changing capital market conditions and other factors that could affect the ongoing viability of our tenants. You should read the following discussion with Forward-Looking Statements, Our Business and Properties and the financial statements and related notes included elsewhere in this prospectus. Throughout this Management s Discussion and Analysis of Financial Condition and Result of Operations section, dollars, except per share and per square foot amounts, and share amounts are presented in thousands.

Executive Summary

We are one of the largest owners and operators of shopping centers in the United States. As of September 30, 2011, our retail operating portfolio consisted of 263 properties with approximately 34.8 million square feet of GLA, was geographically diversified across 35 states and includes power centers, community centers, neighborhood centers and lifestyle centers, as well as single-user retail properties. Our retail properties are primarily located in retail districts within densely populated areas in highly visible locations with convenient access to interstates and major thoroughfares. Our retail properties have a weighted average age, based on annualized base rent of only approximately 9.6 years since the initial construction or most recent major renovation. As of September 30, 2011, our retail operating portfolio was 88.6% leased, including leases signed but not commenced. In addition to our retail operating portfolio, as of September 30, 2011, we also held interests in 15 office and industrial operating properties, including 12 office properties and three industrial properties, two non-stabilized operating properties, 22 retail operating properties held by three unconsolidated joint ventures and four retail properties under development. The following summarizes our consolidated operating portfolio as of September 30, 2011:

Description	Number of Properties	GLA (in thousands)	Percent Leased	Percent Leased and Leases Signed[(1)]
Retail				
Wholly-owned	208	28,293[(2)]	85.4%	88.2%
Joint venture[(3)]	55	6,542	89.6%	90.5%
Total retail[(4)]	263	34,835	86.2%	88.6%
Office/Industrial				
Wholly-owned	15	4,658	97.5%	97.5%
Total Consolidated Operating Portfolio	278	39,493	87.5%	89.6%

(1) Includes leases signed but not commenced.
(2) Includes a portion of one property with 0.3 million square feet of GLA held in one joint venture in which we have a 95% interest.
(3) Represents 55 properties held in one joint venture in which we have a 77% interest. We currently anticipate using a portion of the net proceeds from this offering to exercise our option to repurchase the 23% interest held by others. As a result, following this offering we anticipate that we will own 100% of those properties.
(4) Excludes two non-stabilized operating properties, one of which is wholly-owned and one of which is a joint venture.

Our shopping centers are primarily anchored or shadow anchored by strong national and regional grocers, discount retailers and other retailers that provide basic household goods or clothing, including Target, TJX Companies, PetSmart, Best Buy, Bed Bath & Beyond, Home Depot, Kohl s, Wal-Mart, Publix and Lowe s. As of September 30, 2011, over 90% of our shopping centers, based on GLA, were anchored or shadow anchored by a grocer, discount department store, wholesale club or retailer that sells basic household goods or clothing. Overall,

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we have a broad and highly diversified retail tenant base that includes approximately 1,500 tenants with no one tenant representing more than 3.3% of the total annualized base rent generated from our retail operating properties, or our retail annualized base rent.

We are encouraged by the leasing activity we have achieved during 2010 and the first nine months of 2011. Due in large part to the downturn in the economy, we previously had approximately 3.2 million square feet of retail space become available due to the bankruptcies of Mervyns, Linens n Things and Circuit City in 2008. As of September 30, 2011, we have been able to lease approximately 2.1 million square feet of this vacant space, primarily to existing tenants. We also sold two former Mervyns locations, aggregating approximately 154,000 square feet, to institutional buyers. In addition, as of September 30, 2011, we had under letter of intent or were in active negotiations for 31.3% of the remaining 1.0 million square feet of this GLA. In total, we have leased, sold or are in negotiations for 2.6 million square feet, or 81.2% of the 3.2 million square feet of GLA that was vacated as a result of these bankruptcies. During 2010 and during the nine months ended September 30, 2011, based on our retail operating portfolio, we signed 509 and 374 new and renewal leases, respectively, for a total of approximately 3.1 and 2.8 million square feet, respectively. As we continue to sign new leases, rental rates have generally been below the previous rates and we have continued to see increased demands for rent abatement and capital investment, in the form of tenant improvements and leasing commissions, required from us. However, as retail sales and the overall economy continue to improve, such rental spreads are stabilizing.

On February 16, 2011, Borders Group, Inc. (Borders), which, as of December 31, 2010, leased from us approximately 220,000 square feet at 10 locations, filed for bankruptcy. On July 18, 2011, Borders announced that it was seeking approval for the liquidation of its remaining store assets, which was approved on July 21, 2011. As of September 30, 2011, all Borders stores at locations within our portfolio had closed following completion of liquidation sales.

Asset Dispositions and Debt Transactions

During 2010 and the nine months ended September 30, 2011, we continued to focus on strengthening our balance sheet by deleveraging through asset dispositions and debt refinancing transactions. Specifically, in 2010, we:

- sold eight operating properties aggregating 894,500 square feet for $104,635, resulting in net proceeds of $21,024 and debt extinguishment of $106,791;
- closed on partial sales of eight operating properties to our RioCan joint venture aggregating 1,146,200 square feet for $159,918, resulting in net proceeds of $48,616 and debt extinguishment of $97,888; and
- obtained mortgages and notes payable proceeds of $737,890, made mortgages and notes payable repayments of $1,018,351 and received forgiveness of debt of $50,831.

Additionally, for the nine months ended September 30, 2011, we:

- sold six operating properties aggregating 2,499,000 square feet for a combined sales price of $110,712, resulting in net proceeds of $65,537;
- partially sold a 654,200 square foot multi-tenant retail property to our RioCan joint venture for a sales price of $110,799, resulting in net proceeds of $39,935; and
- borrowed $150,000 on our secured term loan and an additional $165,653 on our senior secured revolving line of credit, obtained mortgages payable proceeds of $70,476, of which $60,000 was subsequently assumed by our RioCan joint venture as part of the partial sale transaction noted above, made mortgages payable repayments of $539,659 and received forgiveness of debt of $14,438.

We plan to continue to pursue opportunistic dispositions of non-retail properties and free standing, triple-net retail properties to maintain the focus of our portfolio on well located, high quality shopping centers.

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Asset Acquisitions

During the nine months ended September 30, 2011, consistent with our business and growth strategies, we also took advantage of opportunities to increase our core portfolio of high quality multi-tenant retail properties. Specifically, we acquired additional phases of two existing properties in our portfolio aggregating 120,100 square feet for a combined acquisition price of $16,805. No debt was assumed in either acquisition, but both properties were added as collateral to our secured credit facility subsequent to closing.

Joint Ventures

We leverage our leasing and property management platform through the strategic formation, capitalization and management of joint ventures. We partner with institutional capital providers to supplement our capital base in a manner accretive to our shareholders. On May 20, 2010, we entered into definitive agreements to form a joint venture with a wholly-owned affiliate of RioCan and agreed to contribute eight shopping centers located in Texas to the joint venture. Under the terms of the agreements, RioCan contributed cash for an 80% interest in the venture and we contributed a 20% interest in the properties. The joint venture acquired an 80% interest in the properties from us in exchange for cash, each of which was accounted for as a partial sale of real estate. As of September 30, 2011, our RioCan joint venture had acquired nine properties from us, eight of which were acquired in 2010, for a purchase price of $159,442, and one of which was acquired during the nine months ended September 30, 2011, for a purchase price of $110,799, and had assumed from us mortgages payable on these properties totaling approximately $157,888. In addition, we received additional earnout proceeds of $476 during the year ended December 31, 2010.

During the nine months ended September 30, 2011, we dissolved a partnership with a partner in three of our development joint ventures resulting in increases to our ownership interests to 100% in Parkway Towne Crossing, 100% in three fully occupied outlots at Wheatland Towne Crossing and 50% in Lake Mead Crossing. The remaining property of Wheatland Towne Crossing (excluding the three outlots) was conveyed to our partner and our partner simultaneously repaid the related $5,730 construction loan. Concurrently with this transaction, we also acquired a 36.7% ownership interest in Lake Mead Crossing from another partner in that joint venture, increasing our total ownership interest in the property to 86.7%. We accounted for this transaction, including the conveyance of property, as a nonmonetary distribution of $8,483, reflected in the condensed consolidated financial statements as an increase to Accumulated distributions in excess of earnings.

During the nine months ended September 30, 2011, our RioCan joint venture continued to expand through the acquisition of additional properties. Specifically, the RioCan joint venture acquired three additional properties aggregating 886,700 square feet, including the one property acquired from our portfolio as described above. For the two acquisitions from third parties, we made cash contributions of an aggregate of $5,130, which represents our share of the acquisition prices, net of closing costs and mortgage proceeds.

On September 30, 2011, we paid $300 to our partner in a consolidated development joint venture to simultaneously settle the outstanding development fee liability of the joint venture and fully redeem our partner s ownership interest in the joint venture. The transaction resulted in an increase in our ownership interest in South Billings Center from 49.0% as of June 30, 2011 to 100%.

Leasing Activity

During the year ended December 31, 2010 and during the nine months ended September 30, 2011, based on our retail operating portfolio, we signed 509 and 374 new and renewal leases, respectively, for a total of approximately 3.1 and 2.8 million square feet, respectively. On February 16, 2011, Borders, which, as of December 31, 2010, leased from us approximately 220,000 square feet of GLA at ten locations, which leases represented $2,600 of annualized base rent, filed for bankruptcy under Chapter 11. On July 18, 2011, Borders announced that it was seeking approval for the liquidation of its remaining store assets, which was approved on July 21, 2011. Subsequent to December 31, 2010, Borders has closed stores at all ten locations where it leased space from us.

We are encouraged by the solid leasing activity we have achieved during 2010 and for the first nine months of 2011 and believe that our occupancy will continue to increase over time.

Distributions

We declared quarterly distributions totaling $0.20 and $0.19 per share during 2010 and for the nine months ended September 30, 2011, including the distribution for the third quarter of 2011 of $0.06 per share declared on October 3, 2011, respectively. We have increased the quarterly distribution rate for eight consecutive quarters.

Economic Conditions and Outlook

For a discussion of economic conditions and the outlook regarding the retail industry, see Industry Overview.

Results of Operations

We believe that property net operating income, or NOI, is a useful measure of our operating performance. We define NOI as operating revenues (rental income, tenant recovery income, other property income, excluding straight-line rental income, amortization of lease inducements and amortization of acquired above and below market lease intangibles) less property operating expenses (real estate tax expense and property operating expense, excluding straight-line ground rent expense and straight-line bad debt expense). Other REITs may use different methodologies for calculating NOI, and accordingly, our NOI may not be comparable to other REITs.

We believe that this measure provides an operating perspective not immediately apparent from GAAP operating income or net (loss) income. We use NOI to evaluate our performance on a property-by-property basis because NOI allows us to evaluate the impact that factors such as lease structure, lease rates and tenant base, which vary by property, have on our operating results. However, NOI should only be used as an alternative measure of our financial performance. For reference and as an aid in understanding our computation of NOI, a reconciliation of NOI to net (loss) income as computed in accordance with GAAP has been presented.

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Comparison of the nine months ended September 30, 2011 and 2010

The table below presents operating information for our same store portfolio consisting of 277 operating properties acquired or placed in service prior to January 1, 2010, along with reconciliation to net operating income. The properties in the same store portfolios as described were owned for the nine months ended September 30, 2011 and 2010. The properties in Other investment properties include our development properties, some of which became operational during the periods presented, and the properties that were partially sold to our RioCan joint venture, none of which qualified for discontinued operations accounting treatment.

	Nine Months Ended September 30, 2011	2010	Impact	Percentage
Revenues:				
Same store investment properties (277 properties):				
Rental income	$ 354,143	$ 350,662	$ 3,481	1.0
Tenant recovery income	79,665	84,832	(5,167)	(6.1)
Other property income	7,843	10,496	(2,653)	(25.3)
Other investment properties:				
Rental income	10,007	20,106	(10,099)	(50.2)
Tenant recovery income	1,550	5,269	(3,719)	(70.6)
Other property income	66	384	(318)	(82.8)
Expenses:				
Same store investment properties (277 properties):				
Property operating expenses	(71,508)	(71,463)	(45)	(0.1)
Real estate taxes	(57,177)	(64,250)	7,073	11.0
Other investment properties:				
Property operating expenses	(2,656)	(4,427)	1,771	40.0
Real estate taxes	(1,902)	(4,185)	2,283	54.6
Property net operating income:				
Same store investment properties	312,966	310,277	2,689	0.9
Other investment properties	7,065	17,147	(10,082)	(58.8)
Total net operating income	320,031	327,424	(7,393)	(2.3)
Other income (expense):				
Straight-line rental income	22	8,703	(8,681)	
Amortization of acquired above and below market lease intangibles	1,247	1,523	(276)	
Amortization of lease inducements	(45)	(45)		
Straight-line ground rent expense	(2,852)	(3,121)	269	
Straight-line bad debt expense	216	(836)	1,052	
Insurance captive income		2,253	(2,253)	
Depreciation and amortization	(177,783)	(182,154)	4,371	
Provision for impairment of investment properties	(31,752)	(11,030)	(20,722)	
Loss on lease terminations	(8,172)	(8,763)	591	
Insurance captive expenses		(3,034)	3,034	
General and administrative expenses	(16,416)	(13,412)	(3,004)	
Dividend income	1,776	3,034	(1,258)	
Interest income	507	548	(41)	
Gain on extinguishment of debt	15,429		15,429	
Equity in (loss) income of unconsolidated joint ventures	(6,028)	1,609	(7,637)	
Interest expense	(175,486)	(195,418)	19,932	
Co-venture obligation expense	(5,375)	(5,375)		
Recognized gain on marketable securities, net	277	536	(259)	
Other income (expense)	1,320	(4,015)	5,335	
Loss from continuing operations	(83,084)	(81,573)	(1,511)	(1.9)
Discontinued operations:				

Operating income (loss)	1,486	(12,260)	13,746	
Gain on sales of investment properties	18,678	2,057	16,621	
Income (loss) from discontinued operations	20,164	(10,203)	30,367	297.6
Gain on sales of investment properties	4,171		4,171	
Net loss	(58,749)	(91,776)	33,027	36.0
Net income attributable to noncontrolling interests	(23)	(656)	633	96.5
Net loss attributable to Company shareholders	$ (58,772)	$ (92,432)	$ 33,660	36.4

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Total net operating income decreased by $7,393, or 2.3%. Total rental income, tenant recovery and other property income decreased by $18,475, or 3.9%, and total property operating expenses decreased by $11,082, or 7.7%, for the nine months ended September 30, 2011, as compared to September 30, 2010.

Rental income. Rental income increased $3,481, or 1.0%, on a same store basis from $350,662 to $354,143. The same store increase is primarily due to:

- an increase of $5,394 composed of $18,811 as a result of contractual rent increases and new tenant leases replacing former tenants partially offset by $13,417 from early terminations and natural expirations of certain tenant leases, partially offset by
- a decrease of $2,096 due to reduced rent as a result of co-tenancy provisions in certain leases, reduced percentage rent as a result of decreased tenant sales, and increased rent abatements as a result of efforts to increase occupancy.

Although same store rental income increased, overall rental income decreased $6,618, or 1.8%, from $370,768 to $364,150, primarily due to a decrease of $10,099 in other investment properties, primarily consisting of a decrease of $10,951 resulting from properties partially sold to our RioCan joint venture during the third and fourth quarters of 2010 and the third quarter of 2011.

Tenant recovery and other property income. Tenant recovery and other property income decreased $7,820, or 8.2%, on a same store basis from $95,328 to $87,508, primarily due to:

- a 5.5% decrease in real estate tax recovery, primarily resulting from reduced real estate tax expense as described below, and
- a 3.1% increase in common area maintenance recovery income, primarily due to a decrease in certain recoverable property operating expenses described below.

Overall, tenant recovery and other property income decreased $11,857, or 11.7%, from $100,981 to $89,124, primarily due to the decrease in the same store portfolio described above and a decrease in recovery income of $3,429 resulting from properties partially sold to our RioCan joint venture during the third and fourth quarters of 2010 and the third quarter of 2011.

Property operating expenses. Property operating expenses increased $45, or 0.1%, on a same store basis from $71,463 to $71,508. The same store increase is primarily due to increases in certain non-recoverable property operating expenses and bad debt expense of $1,389 and $99, respectively, partially offset by a decrease in certain recoverable property operating expenses of $1,443.

Overall, property operating expenses decreased $1,726, or 2.3%, from $75,890 to $74,164 due to the decreases in certain recoverable and non-recoverable property operating expenses and bad debt expense of $1,322, $365 and $84, respectively in other investment properties, partially offset by the increase in the same store portfolio described above.

Real estate taxes. Real estate taxes decreased $7,073, or 11.0%, on a same store basis from $64,250 to $57,177. This decrease is primarily due to:

- a net decrease of $4,824 over 2010 real estate tax expense primarily due to decreases in assessed values;
- a decrease of $1,994 in prior year estimates adjusted during the nine months ended September 30, 2011, based on actual real estate taxes paid; and

an increase of $196 in real estate tax refunds received during the nine months ended September 30, 2011 for prior year tax assessment adjustments.

Overall, real estate taxes decreased $9,356, or 13.7%, from $68,435 to $59,079 primarily due to the decrease in the same store portfolio described above and a decrease in real estate tax expense of $2,662 resulting from properties partially sold to our RioCan joint venture during the third and fourth quarters of 2010 and the third quarter of 2011.

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Other income (expense). Other income (expense) changed from net expense of $408,997 to net expense of $403,115. The decrease in net expense of $5,882, or 1.4%, is primarily due to:

- a $19,932 decrease in interest expense primarily due to:
  - an $18,381 decrease in interest on mortgages payable due to the repayment of mortgage debt;
  - the acceleration of mortgage premium amortization in conjunction with the debt repayment on one property in the amount of $4,750;
  - a decrease in prepayment penalties and other costs associated with refinancings of $1,883;
  - a $641 decrease in interest on notes payable as a result of the repayment of a $50,000 note payable that bore interest at 4.80% to MS Inland in December 2010, partially offset by
  - an increase in interest on our secured credit facility of $6,300 due to increased borrowings used to repay 2011 debt maturities.
- a $15,429 increase in gain on extinguishment of debt due to debt forgiveness of $14,438 related to three properties which were added as collateral to our secured credit facility (see Note 10 to the condensed consolidated financial statements) and a $991 gain realized on the partial sale of one property to the RioCan joint venture, partially offset by
- a $20,722 increase in provision for impairment of investment properties. Based on the results of our evaluations for impairment (see Notes 13 and 14 to the condensed consolidated financial statements), we recognized impairment charges of $31,752 and $11,030 for the nine months ended September 30, 2011 and 2010, respectively. In addition to those properties that were impaired, 25 of our properties had impairment indicators at September 30, 2011, undiscounted cash flows for those properties exceeded their respective carrying values by a weighted average of 46%. Accordingly, no additional impairment provisions were warranted for these properties, and
- an $8,681 decrease in straight-line rental income due to the terms of, modifications to and early terminations of tenant leases within our portfolio.

Discontinued operations. Discontinued operations consist of amounts related to six properties and eight properties that were sold during the nine months ended September 30, 2011 and the year ended December 31, 2010, respectively. We closed on the sale of three single-user retail properties and three single-user industrial properties during the nine months ended September 30, 2011 aggregating 2,449,000 square feet, for a combined sales price of $110,712, net sales proceeds totaling $65,537, extinguishment or repayment of debt of $43,250 and total gains of $18,678. We closed on eight properties during the year ended December 31, 2010, aggregating 894,500 square feet, for a combined sales price of $104,635. The aggregated sales resulted in the extinguishment or repayment of $106,791 of debt, net sales proceeds totaling $21,024 and total gains of $23,806. The properties disposed of during 2010 included two office buildings, five single-user retail properties and one medical center. Included in this was an office building aggregating 382,600 square feet that was transferred through a deed in lieu of foreclosure to the property s lender resulting in a gain on sale of $19,841. There were no properties that qualified for held for sale accounting treatment as of September 30, 2011 or December 31, 2010.

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Comparison of the years ended December 31, 2010 to December 31, 2009

The table below presents operating information for our same store portfolio consisting of 278 operating properties acquired or placed in service prior to January 1, 2009, along with a reconciliation to net operating income. The properties in the same store portfolios as described were owned for the years ended December 31, 2010 and 2009. The properties in Other investment properties include the properties that were partially sold to our RioCan joint venture during 2010, none of which qualified for discontinued operations accounting treatment.

	2010	2009	Impact	Percentage
Revenues:				
Same store investment properties (278 properties):				
Rental income	$ 476,556	$ 483,657	$ (7,101)	(1.5)
Tenant recovery income	110,332	115,721	(5,389)	(4.7)
Other property income	15,048	18,713	(3,665)	(19.6)
Other investment properties:				
Rental income	17,835	18,811	(976)	(5.2)
Tenant recovery income	3,660	5,039	(1,379)	(27.4)
Other property income	459	91	368	404.4
Expenses:				
Same store investment properties (278 properties):				
Property operating expenses	(97,112)	(109,435)	12,323	11.3
Real estate taxes	(82,024)	(88,399)	6,375	7.2
Other investment properties:				
Property operating expenses	(3,980)	(4,660)	680	14.6
Real estate taxes	(3,064)	(4,124)	1,060	25.7
Property net operating income:				
Same store investment properties	422,800	420,257	2,543	0.6
Other investment properties	14,910	15,157	(247)	(1.6)
Total net operating income	437,710	435,414	2,296	0.5
Other income (expense):				
Straight-line rental income	7,541	7,960	(419)	
Amortization of acquired above and below market lease intangibles	1,969	2,340	(371)	
Straight-line ground rent expense	(4,109)	(3,987)	(122)	
Straight-line bad debt expense	(406)	(3,411)	3,005	
Insurance captive income	2,996	2,261	735	
Depreciation and amortization	(241,684)	(244,790)	3,106	
Provision for impairment of investment properties	(14,430)	(50,700)	36,270	
Loss on lease terminations	(13,720)	(13,735)	15	
Insurance captive expenses	(3,392)	(3,655)	263	
General and administrative expenses	(18,119)	(21,191)	3,072	
Dividend income	3,472	10,132	(6,660)	
Interest income	740	1,483	(743)	
Loss on partial sales of investment properties	(385)		(385)	
Equity in income (loss) of unconsolidated joint ventures	2,025	(11,299)	13,324	
Interest expense	(258,222)	(231,094)	(27,128)	
Co-venture obligation expense	(7,167)	(597)	(6,570)	
Recognized gain on marketable securities, net	4,007	18,039	(14,032)	
Impairment of notes receivable		(17,322)	17,322	
Gain on interest rate locks		3,989	(3,989)	
Other expense	(3,492)	(9,599)	6,107	
Loss from continuing operations	(104,666)	(129,762)	25,096	19.3
Discontinued operations:				
Operating loss	(13,847)	(12,030)	(1,817)	
Gain on sales of investment properties	23,806	26,383	(2,577)	

Income from discontinued operations	9,959	14,353	(4,394)	30.6
Net loss	(94,707)	(115,409)	20,702	17.9
Net (income) loss attributable to noncontrolling interests	(1,136)	3,074	(4,210)	(137.0)
Net loss attributable to Company shareholders	$ (95,843)	$ (112,335)	$ 16,492	14.7

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Total net operating income increased by 2,296, or 0.5%. Total rental income, tenant recovery and other property income decreased by $18,142, or 2.8%, and total property operating expenses decreased by $20,438, or 9.9%, for the year ended December 31, 2010, as compared to December 31, 2009.

Rental income. Rental income decreased $7,101 or 1.5%, on a same store basis from $483,657 to $476,556. The same store decrease is primarily due to:

- an increase of $10,974 composed of $33,924 as a result of new tenant leases replacing former tenants partially offset by $22,950 from early terminations and natural expirations of certain tenant leases;

- a decrease of $17,154 due to reduced rent as a result of co-tenancy provisions in certain leases, reduced percentage rent as a result of decreased tenant sales, and increased rent abatements as a result of efforts to increase occupancy.

Overall, rental income decreased $8,077, or 1.6%, from $502,468 to $494,391, primarily due to the same store portfolio described above, in addition to a decrease of $976 in other investment properties primarily due to:

- a decrease of $1,795 due to the partial sale of eight investment properties to our RioCan joint venture during 2010, partially offset by

- an increase of $660 related to development properties placed into service subsequent to December 31, 2008.

Tenant recovery income. Tenant recovery income decreased $5,389, or 4.7%, on a same store basis from $115,721 to $110,332, primarily due to:

- a 8.9% decrease in common area maintenance recovery income, primarily due to reduced recoverable property operating expenses described below, and

- a 7.0% decrease in real estate tax recovery, primarily resulting from reduced real estate tax expense as described below.

Overall, tenant recovery income decreased $6,768, or 5.6%, from $120,760 to $113,992, primarily due to the decrease in the same store portfolio described above and a decrease in recovery income from properties partially sold to our RioCan joint venture.

Other property income. Other property income decreased overall by $3,297, or 17.5%, due to decreases in termination fee income, parking revenue and direct recovery income.

Property operating expenses. Property operating expenses decreased $12,323, or 11.3%, on a same store basis from $109,435 to $97,112. The same store decrease is primarily due to:

- a decrease in bad debt expense of $3,883, and

- a decrease in certain non-recoverable and recoverable property operating expenses of $2,847 and $4,875, respectively, due to the continued efforts of management to contain costs.

Overall, property operating expenses decreased $13,003, or 11.4%, from $114,095 to $101,092, due to the decrease in the same store portfolio described above, in addition to a decrease in bad debt expense of $443 and a decrease in certain non-recoverable and recoverable property operating expenses of $194 and $137, respectively, in other investment properties.

Real estate taxes. Real estate taxes decreased $6,375, or 7.2%, on a same store basis from $88,399 to $82,024. This decrease is primarily due to:

- a net decrease of $4,686 over 2009 real estate tax expense primarily due to decreases in assessed values;

an increase of $2,089 in real estate tax refunds received during 2010 for prior year tax assessment adjustments; partially offset by

an increase in tax consulting fees of $455 as a result of successful reductions to proposed increases to assessed valuations or tax rates at certain properties.

Overall, real estate taxes decreased $7,435, or 8.0%, from $92,523 to $85,088 primarily due to the decrease in the same store portfolio described above and a net decrease of $995 over 2009 real estate tax expense due to decreases in assessed values on certain properties partially sold to our RioCan joint venture.

Other income (expense). Other income (expense) changed from net expense of $565,176 to net expense of $542,376. The decrease in net expense of $22,800, or 4.0%, is primarily due to:

a $36,270 decrease in provision for impairment of investment properties. Based on the results of our evaluations for impairment (see Notes 14 and 15 to the consolidated financial statements), we recognized impairment charges of $14,430 and $50,700 for the year ended December 31, 2010 and 2009, respectively. Although 41 of our properties had impairment indicators at December 31, 2010, undiscounted cash flows for those properties exceeded their respective carrying values by a weighted average of 53%. Accordingly, no additional impairment provisions were warranted for these properties;

a $17,322 decrease in impairment of notes receivable due to the impairment of two notes receivable in 2009;

a $13,324 decrease in equity in loss of unconsolidated joint ventures due primarily to impairments recorded by one joint venture in 2009 that did not reoccur in 2010, partially offset by

a $14,032 decrease in recognized gain on marketable securities primarily as a result of a significant liquidation of the marketable securities portfolio in 2009 and no other-than-temporary impairment recorded in 2010 as compared to other-than-temporary impairment of $24,831 recorded in 2009; and

a $27,128 increase in interest expense primarily due to:

- higher interest rates on refinanced debt resulting in an increase of $16,163;
- an increase of $16,214 related to the senior and junior mezzanine notes of IW JV that were entered into in December 2009, partially offset by
- a decrease in prepayment penalties and other costs associated with refinancings of $2,685, and
- a decrease in other financing costs of $1,632 due to a decrease in the amount of preferred returns paid to a joint venture partner.

Discontinued operations. Discontinued operations consist of amounts related to eight properties that were sold during each of the years ended December 31, 2010 and 2009 and six properties that were sold during the nine months ended September 30, 2011, each of which qualifies as discontinued operations. We closed on eight properties during the year ended December 31, 2010 aggregating 894,500 square feet, for a combined sales price of $104,635. The aggregated sales resulted in the extinguishment or repayment of $106,791 of debt, net sales proceeds totaling $21,024 and total gains of $23,806. The properties disposed included two office buildings, five single-user retail properties and one medical center. Included in this was an office building aggregating 382,600 square feet that was transferred through a deed in lieu of foreclosure to the property s lender resulting in a gain on sale of $19,841. There were no properties that qualified for held for sale accounting treatment as of December 31, 2010. We closed on the sale of eight properties during the year ended December 31, 2009 aggregating 1,579,000 square feet, for a combined sales price of $338,057. The aggregated sales resulted in the extinguishment or repayment of $208,552 of debt, net sales proceeds totaling $123,944 and total gains on sale of $26,383. The properties sold included three office buildings, three single-user retail properties and two multi-tenant properties.

Comparison of the years ended December 31, 2009 to December 31, 2008

The table below presents operating information for our same store portfolio consisting of 275 operating properties acquired or placed in service prior to January 1, 2008, along with a reconciliation to net operating income. The properties in the same store portfolios as described were owned for the years ended December 31, 2009 and 2008.

	2009	2008	Impact	Percentage
Revenues:				
Same store investment properties (275 properties):				
Rental income	$ 487,133	$ 522,959	$ (35,826)	(6.9)
Tenant recovery income	116,924	126,987	(10,063)	(7.9)
Other property income	18,516	19,499	(983)	(5.0)
Other investment properties:				
Rental income	15,335	8,831	6,504	73.6
Tenant recovery income	3,836	2,133	1,703	79.8
Other property income	288	237	51	21.5
Expenses:				
Same store investment properties (275 properties):				
Property operating expenses	(109,751)	(122,740)	12,989	10.6
Real estate taxes	(89,142)	(84,920)	(4,222)	(5.0)
Other investment properties:				
Property operating expenses	(4,344)	(3,037)	(1,307)	(43.0)
Real estate taxes	(3,381)	(1,483)	(1,898)	(128.0)
Property net operating income:				
Same store investment properties	423,680	461,785	(38,105)	(8.3)
Other investment properties	11,734	6,681	5,053	75.6
Total net operating income	435,414	468,466	(33,052)	(7.1)
Other income (expense):				
Straight-line rental income	7,960	12,078	(4,118)	
Amortization of acquired above and below market lease intangibles	2,340	2,504	(164)	
Straight-line ground rent expense	(3,987)	(5,186)	1,199	
Straight-line bad debt expense	(3,411)	(8,749)	5,338	
Insurance captive income	2,261	1,938	323	
Depreciation and amortization	(244,790)	(245,944)	1,154	
Provision for impairment of investment properties	(50,700)	(51,600)	900	
Loss on lease terminations	(13,735)	(64,648)	50,913	
Insurance captive expenses	(3,655)	(2,874)	(781)	
General and administrative expenses	(21,191)	(19,997)	(1,194)	
Dividend income	10,132	24,010	(13,878)	
Interest income	1,483	4,329	(2,846)	
Equity in loss of unconsolidated joint ventures	(11,299)	(4,939)	(6,360)	
Interest expense	(231,094)	(207,216)	(23,878)	
Co-venture obligation expense	(597)		(597)	
Recognized gain (loss) on marketable securities, net	18,039	(160,888)	178,927	
Impairment of goodwill		(377,916)	377,916	
Impairment of investment in unconsolidated entity		(5,524)	5,524	
Impairment of notes receivable	(17,322)		(17,322)	
Gain (loss) on interest rate locks	3,989	(16,778)	20,767	
Other expense	(9,599)	(1,062)	(8,537)	
Loss from continuing operations	(129,762)	(659,996)	530,234	80.3
Discontinued operations:				
Operating loss	(12,030)	(23,217)	11,187	
Gain on sales of investment properties	26,383		26,383	

Income (loss) from discontinued operations	14,353	(23,217)	37,570	161.8
Net loss	(115,409)	(683,213)	567,804	83.1
Net loss (income) attributable to noncontrolling interests	3,074	(514)	3,588	698.1
Net loss attributable to Company shareholders	$ (112,335)	$ (683,727)	$ 571,392	83.6

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Net operating income decreased by $33,052, or 7.1%. Total rental income, tenant recovery and other property income decreased by $38,614, or 5.7%, and total property operating expenses decreased by $5,562, or 2.6%, for the year ended December 31, 2009, as compared to December 31, 2008.

Rental income. Rental income decreased $35,826 or 6.9%, on a same store basis from $522,959 to $487,133. The same store decrease is primarily due to:

- a decrease of $28,548 in rental income due to tenant bankruptcies, primarily Linens n Things, Circuit City and Mervyns;
- a decrease of $3,657, composed of $7,292 as a result of early termination and natural expirations of certain tenant leases, partially offset by $3,635 from new tenant leases replacing former tenants; and
- a decrease of $4,409 due to reduced rent as a result of co-tenancy provisions in certain leases and reduced percentage rent as a result of decreased tenant sales; partially offset by
- an increase of $1,939 due to earnouts completed subsequent to December 31, 2007.

Overall, rental income decreased $29,322, or 5.5%, from $531,790 to $502,468, primarily due to the same store portfolio described above, partially offset by an increase of $6,504 in other investment properties primarily due to:

- an increase of $3,158 due to investment properties acquired subsequent to December 31, 2007; and
- an increase of $2,854 related to development properties placed into service subsequent to December 31, 2007.

Tenant recovery income. Tenant recovery income decreased $10,063, or 7.9%, on a same store basis from $126,987 to $116,924, primarily due to:

- a 14.1% decrease in common area maintenance recovery income primarily due to reduced recoverable property operating expenses described below and reduced occupancy due to tenant vacancies resulting from 2008 bankruptcies and early lease terminations; and
- a 2.9% decrease in real estate tax recovery primarily resulting from reduced occupancy as described above.

Overall, tenant recovery income decreased $8,360, or 6.5%, from $129,120 to $120,760, primarily due to the decrease in the same store portfolio described above, partially offset by recovery income from investment properties purchased after December 31, 2007 and phases of developments that have been placed into service subsequent to December 31, 2007.

Other property income. Other property income decreased overall by $932, or 4.7%, due to decreases in termination fee income, parking revenue and direct recovery income.

Property operating expenses. Property operating expenses decreased $12,989, or 10.6%, on a same store basis from $122,740 to $109,751. The same store decrease is primarily due to:

- a decrease in bad debt expense of $6,813; and a decrease in certain non-recoverable and recoverable property operating expenses of $6,515.

Overall, property operating expenses decreased $11,682, or 9.3%, from $125,777 to $114,095, due to the decrease in the same store portfolio described above, partially offset by an increase of $1,307 in other investment properties as follows:

an increase in bad debt expense of $209; and

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- an increase in certain non-recoverable and recoverable property operating expenses of $536 and $628, respectively.

Real estate taxes. Real estate taxes increased $4,222, or 5.0%, on a same store basis from $84,920 to $89,142. The same store increase is primarily due to:

- an increase of $2,027 related to investment properties where vacated tenants with triple net leases had paid real estate taxes directly to the taxing authorities during 2008;
- an increase of $1,098 in prior year estimates adjusted during 2009, based on actual real estate taxes paid;
- a net increase of $203 over 2008 real estate tax expense due to normal increases and decreases in assessed values;
- a decrease of $447 in real estate tax refunds received during 2009 for prior year tax assessment adjustments; and
- an increase in tax consulting fees of $447 as a result of successful reductions to proposed increases to assessed valuations or tax rates at certain properties.

Overall, real estate taxes increased $6,120, or 7.1%, from $86,403 to $92,523. The other investment properties representing properties acquired subsequent to December 31, 2007 and phases of developments that have been placed into service resulted in an increase in real estate taxes of $1,898.

Other income (expense). Other income (expense) changed from net expense of $1,128,462 to net expense of $565,176. The decrease in net expense of $563,286, or 49.9% is primarily due to:

- a $377,916 impairment of goodwill recognized in 2008;
- a $178,927 decrease in recognized loss on marketable securities primarily as a result of a significant liquidation of the marketable securities portfolio in 2009 and $24,831 of other-than-temporary impairment recorded in 2009 as compared to other-than-temporary impairment of $160,327 recorded in 2008;
- a $50,913 decrease in loss on lease terminations as a result of a decrease in tenants that vacated prior to lease expiration due to tenant bankruptcies and economic challenges facing tenants during 2009 as compared to 2008; and
- a $20,767 decrease in loss on interest rate locks due to impairment recorded during 2008; partially offset by
- a $13,878 decrease in dividend income due to sales of marketable securities, dividend reductions and suspensions;
- a $4,118 decrease in straight-line rental income primarily due to reduced occupancy from tenant vacancies and tenant bankruptcies in 2008 and tenants with co-tenancy rent reductions in 2009 as a result of such bankruptcies;

a $2,846 decrease in interest income as a result of full or partial payoffs of notes receivable subsequent to December 31, 2007, the impairment of a note receivable as of June 30, 2009 and $1,623 as a result of short-term investments receiving lower interest rates in interest bearing accounts; and

an increase of $23,878 in interest expense primarily due to:

- higher interest rates on refinanced debt resulting in an increase of $6,571 and additional interest expense of $4,068 incurred prior to the completion of certain long-term refinancings;

- prepayment penalties and other costs associated with refinancings of $5,066;

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- decreases in capitalized interest of $6,256 due to certain phases of our developments being placed into service;

- an increase in interest on our line of credit of $3,389 due primarily to an increase in the interest rate; and

- an increase of $2,650 related to the fixed variable spread related to our interest rate swaps, partially offset by decreases in margin payable interest of $3,192 due to decreases in the margin payable balance.

Discontinued operations. Discontinued operations consist of amounts related to eight properties that were sold during each of the years ended December 31, 2010 and 2009 and six properties that were sold during the nine months ended September 30, 2011, each of which qualifies as discontinued operations. Refer to discussion comparing 2010 and 2009 results for more detail on the transactions that resulted in discontinued operations.

Funds from Operations

Due to certain unique operating characteristics of real estate companies, the National Association of Real Estate Investment Trusts, or NAREIT, an industry trade group, has promulgated a standard known as funds from operations, or FFO. We believe that FFO, which is a non-GAAP performance measure, provides an additional and useful means to assess the operating performance of REITs. As defined by NAREIT, FFO means net (loss) income computed in accordance with GAAP, excluding gains (or losses) from sales of investment properties, plus depreciation and amortization on investment properties including adjustments for unconsolidated joint ventures in which the REIT holds an interest. We have adopted the NAREIT definition for computing FFO because management believes that, subject to the following limitations, FFO provides a basis for comparing our performance and operations to those of other REITs. FFO is not intended to be an alternative to Net Income as an indicator of our performance nor to Cash Flows from Operating Activities as determined by GAAP as a measure of our capacity to pay distributions.

Our FFO and cash flow from operating activities for the nine months ended September 30, 2011 and 2010 and the years ended December 31, 2010, 2009, 2008, 2007 and 2006 is as follows:

	Nine Months Ended September 30,		Year Ended December 31,				
	2011	2010	2010	2009	2008	2007	2006
Net (loss) income attributable to Company shareholders	$ (58,772)	$ (92,432)	$ (95,843)	$ (112,335)	$ (683,727)	$ 41,669	$ 31,943
Add:							
Depreciation and amortization[(1)]	193,385	198,806	267,500	279,361	337,070	280,688	260,042
Less:							
Gain on sales of investment properties	(22,849)	(3,778)	(24,465)	(21,545)		(31,313)	
Noncontrolling interests share of depreciation related to consolidated joint ventures	(7,827)	(8,439)	(12,022)	(3,637)	(2,744)	(3,443)	(5,587)
Funds from operations	$ 103,937	$ 94,157	$ 135,170	$ 141,844	$ (349,401)	$ 287,601	$ 286,398
Cash flow from operating activities	$ 128,387	$ 153,672	$ 184,072	$ 249,837	$ 309,351	$ 318,641	$ 296,578

(1) Includes our share of depreciation and amortization from unconsolidated joint ventures and depreciation and amortization from discontinued operations.

Depreciation and amortization related to investment properties for purposes of calculating FFO includes loss on lease terminations, which encompasses the write-off of tenant related assets, including tenant improvements and in-place lease values, as a result of early lease terminations. Total loss on lease terminations for the nine months ended September 30, 2011 and 2010 were $9,153 and $10,170, respectively. Total loss on lease terminations for the years ended December 31, 2010, 2009, 2008, 2007 and 2006 were $13,826, $13,735, $67,092, $11,788 and $4,570, respectively.

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The increase in FFO for the nine months ended September 30, 2011 compared to the same period in 2010, including amounts related to discontinued operations, is primarily due to a decrease in interest expense of $25,299, an increase in gain on debt extinguishment of $15,429, a decrease in real estate taxes of $10,312, a change from net other expense to net other income of $7,622 and a decrease in property operating expenses of $4,901, partially offset by a decrease in revenues of $35,703, an increase in impairment of investment properties of $12,095 and a change in equity in income of unconsolidated joint ventures to equity in loss of unconsolidated joint ventures of $5,332.

Liquidity and Capital Resources

We anticipate that cash flows from operating activities will provide adequate capital for all scheduled monthly principal and interest payments on outstanding indebtedness, current and anticipated tenant improvement or other capital obligations, the shareholder distribution required to maintain REIT status and compliance with financial covenants of our credit agreement for the next twelve months and beyond.

Our primary expected uses and sources of our consolidated cash and cash equivalents are as follows:

USES	SOURCES
Short-Term:	**Short-Term:**
Tenant improvement allowances	Operating cash flow
Improvements made to individual properties that are not recoverable through common area maintenance charges to tenants	Available borrowings under revolving credit facility
Distribution payments	Asset sales
Debt repayment requirements, including principal, interest and costs to refinance	Distribution reinvestment plan
Corporate and administrative expenses	Secured loans collateralized by individual properties
	Cash and cash equivalents
Long-Term:	**Long-Term:**
Acquisitions	Secured loans collateralized by individual properties
New development	Asset sales
Major redevelopment, renovation or expansion programs at individual properties	Long-term construction project financing

Debt repayment requirements, including both principal and interest	Joint venture equity from institutional partners
	Sales of marketable securities

One of our main areas of focus over the last several years has been on strengthening our balance sheet and addressing debt maturities. We have pursued this goal through a combination of the refinancing or repayment of maturing debt, a reduction in our distribution rate to shareholders as compared to distributions from a few years ago, the suspension of our share repurchase program and total or partial dispositions of assets through sales or contributions to joint ventures. In addition, we focused on controlling operating expenses and deferring certain discretionary capital expenditures to preserve cash. As of September 30, 2011, we had approximately $632,235 of debt scheduled to mature through the end of 2012. As of December 9, 2011, we had repaid or received debt forgiveness for $104,817 of that debt. For substantially all of the remaining $527,418 of debt, we plan on satisfying our obligations by refinancing this debt using either our senior secured credit facility or other new long-term borrowings. In certain circumstances, for non-recourse mortgage indebtedness, we may seek to negotiate a discounted payoff amount or satisfy our obligation by delivering the property to the lender. We may not be able to refinance our existing debt when it becomes due or to obtain new debt financing for acquisitions or development projects, or we may be forced to accept less favorable terms, including increased collateral to secure development projects, higher interest rates and/or more restrictive covenants. If we are not successful in refinancing our debt when it becomes due, we may default under our loan obligations, enter into foreclosure proceedings, or be forced to dispose of properties on disadvantageous terms, any of which might adversely affect our ability to service other debt and meet our other obligations.

Liquidity

The table below summarizes our consolidated indebtedness, net of premium and discount, at September 30, 2011:

Debt	Aggregate Principal Amount at September 30, 2011	Interest Rate/ Weighted Average Interest Rate	Years to Maturity/Weighted Average Years to Maturity
Mortgages payable	$ 2,294,128	5.88%	6.0 years
IW JV mortgages payable	492,214	7.50%	8.2 years
IW JV senior mezzanine note	85,000	12.24%	8.2 years
IW JV junior mezzanine note	40,000	14.00%	8.2 years
Construction loans	80,883	3.71%	0.6 years
Mezzanine note	13,900	11.00%	2.2 years
Margin payable	7,944	0.57%	0.3 year
Mortgages and notes payable	3,014,069		
Secured credit facility	470,000	3.75%	1.3 years
Total consolidated indebtedness	$ 3,484,069		

Mortgages Payable and Construction Loans

Mortgages payable outstanding as of September 30, 2011, including construction loans and IW JV mortgages payable which are discussed further below, were $2,867,225 and had a weighted average interest rate of 6.10% at September 30, 2011. Of this amount, $2,779,197 had fixed rates ranging from 4.61% to 8.00% (9.78% for matured mortgages payable) and a weighted average fixed rate of 6.17% at September 30, 2011. The remaining $88,028 of mortgages payable represented variable rate loans with a weighted average interest rate of 3.97% at September 30, 2011. Properties with a net carrying value of $4,325,647 at September 30, 2011 and related tenant leases are pledged as collateral for the mortgage loans and wholly-owned and consolidated joint venture properties with a net carrying value of $134,683 at September 30, 2011 and related tenant leases are pledged as collateral for the construction loans. Generally, other than IW JV mortgages payable, our mortgages payable are secured by individual properties or small groups of properties. As of September 30, 2011, scheduled maturities for our outstanding mortgage indebtedness had various due dates through March 1, 2037.

During the nine months ended September 30, 2011, we obtained mortgages proceeds of $70,476, of which a $60,000 mortgage payable was subsequently assumed by the RioCan joint venture on August 22, 2011, made mortgages payable repayments of $539,659 and received debt forgiveness of $14,438. The new mortgages payable that we entered into during the nine months ended September 30, 2011 have interest rates ranging from 4.83% to 5.50%, a weighted average interest rate of 4.85% and maturities up to 15 years. The stated interest rates of the loans repaid during the nine months ended September 30, 2011 ranged from 4.44% to 8.00% and had a weighted average interest rate of 5.19%. We also entered into modifications of three existing loan agreements which extended the maturities of $16,179 of mortgages payable to May 1, 2014 and a matured mortgage payable with a balance of $5,336 to November 1, 2011, on which date it was repaid.

IW JV Mortgages Payable and Mezzanine Notes

On November 29, 2009, we transferred a portfolio of 55 investment properties and the entities which owned them into IW JV, which at the time was a newly formed wholly-owned subsidiary. Subsequently, in connection with a $625,000 debt refinancing transaction, which consisted of $500,000 of mortgages payable and $125,000 of notes payable, on December 1, 2009, we raised additional capital of $50,000 from a related party, Inland Equity,

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in exchange for a 23% noncontrolling interest in IW JV. We currently anticipate using a portion of net proceeds from this offering to repurchase Inland Equity s interest in IW JV. As a result, following this offering we will own 100% of IW JV. Inland Equity is owned by certain individuals, including Daniel L. Goodwin, who beneficially owns more than 5% of our common stock, and Robert D. Parks, who was the Chairman of our Board until October 12, 2010 and who is Chairman of the Board of certain affiliates of The Inland Group, Inc. The independent directors committee reviewed and recommended approval of this transaction to our board of directors.

Mezzanine Note and Margin Payable

During the year ended December 31, 2010, we borrowed $13,900 from a third party in the form of a mezzanine note and used the proceeds as a partial paydown of the mortgage payable, as required by the lender. The mezzanine note bears interest at 11.00% and matures on December 16, 2013. Additionally, we purchase a portion of our securities through a margin account. As of September 30, 2011 and December 31, 2010, we had recorded a payable of $7,944 and $10,017, respectively, for securities purchased on margin. This debt bears a variable interest rate of LIBOR plus 35 basis points. At September 30, 2011, this rate was equal to 0.57%. This debt is due upon demand. The value of our marketable securities serves as collateral for this debt. During the nine months ended September 30, 2011, we did not borrow on our margin account and paid down $2,073.

Senior Secured Line of Credit and Secured Term Loan

As of December 31, 2010, we had a credit agreement with KeyBank National Association and other financial institutions for borrowings up to $200,000, subject to a collateral pool requirement. The credit agreement had a maturity date of October 14, 2011. The outstanding balance on the line of credit at December 31, 2010 and December 31, 2009 was $154,347 and $107,000, respectively.

On February 4, 2011, we amended and restated our existing credit agreement to provide for a senior secured credit facility in the aggregate amount of $585,000, consisting of a $435,000 senior secured revolving line of credit and a $150,000 secured term loan from a number of financial institutions. The senior secured revolving line of credit also contains an accordion feature that allows us to increase the availability thereunder to up to $500,000 in certain circumstances.

Upon closing, we borrowed the full amount of the term loan and, as of September 30, 2011 and December 9, 2011, we had a total of $320,000 and $405,000 outstanding under the senior secured line of credit, respectively. The amount outstanding as of December 9, 2011 includes $154,347 that had been outstanding under our line of credit prior to the amendment and restatement of our credit agreement and $250,653 of additional borrowings. We used the secured term loan and the additional borrowings under our senior secured revolving line of credit to, among other things, repay $581,864 of mortgage debt, excluding debt forgiveness of $14,438, that was secured by 37 properties (including one partial property) and had a weighted average interest rate of 5.14% per annum. As of September 30, 2011, management believes we were in compliance with all financial covenants under the credit agreement.

Availability. The aggregate availability under the senior secured revolving line of credit shall at no time exceed the lesser of (x) 65% of the appraised value of the borrowing base properties through the date of the issuance of our financial statements for the quarter ending March 31, 2012 and 60% thereafter and (y) the amount that would result in a debt service coverage ratio for the borrowing base properties of not less than 1.50x through the date of the issuance of our financial statements for the quarter ending March 31, 2012 and 1.60x thereafter, in each case, less the outstanding balance under the secured term loan. As of December 9, 2011, the total availability under the senior secured revolving line of credit was $435,000, of which we had borrowed $405,000.

Maturity and Interest. The senior secured revolving line of credit and the secured term loan mature on February 3, 2013; with a one-year extension option that we may exercise as long as there is no existing default, we are in compliance with all covenants and we pay an extension fee. The senior secured revolving line of credit

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and the secured term loan bear interest at a rate per annum equal to the London Interbank Offered Rate, or LIBOR, plus a margin of between 2.75% and 4.00% based on our leverage ratio as calculated under the credit agreement. As of December 9, 2011, the weighted average interest rate under the senior secured revolving line of credit and the secured term loan was 3.81%.

Security. The senior secured revolving line of credit and secured term loan are secured by mortgages on the borrowing base properties and are our direct recourse obligation.

Financial Covenants. The senior secured revolving line of credit and secured term loan include the following financial covenants: (i) maximum leverage ratio not to exceed 67.5%, which ratio will be reduced to 65% beginning on the date of the issuance of our financial statements for the quarter ending December 31, 2011 and 60% beginning on the date of the issuance of our financial statements for the quarter ending June 30, 2012, (ii) minimum fixed charge coverage ratio of not less than 1.40x, which ratio will be increased to 1.45x beginning on the date of the issuance of our financial statements for the quarter ending December 31, 2011 and 1.50x beginning on the date of the issuance of our financial statements for the quarter ending December 31, 2012, (iii) consolidated net worth of not less than $1,750,000 plus 75% of the net proceeds of any future equity contributions or sales of treasury stock received by us (iv) minimum average economic occupancy rate of greater than 80% excluding pre-stabilization properties under construction, (v) unhedged variable rate debt of not more than 20% of total asset value, (vi) maximum dividend payout ratio of 95% of FFO as defined in the credit agreement (which equals FFO, as set forth in Management s Discussion and Analysis of Financial Condition and Results of Operations Funds from Operations, excluding gains or losses from extraordinary items, impairments and other non-cash charges) or an amount necessary to maintain REIT status and (vii) secured recourse indebtedness and guarantee obligations excluding the senior secured revolving line of credit and secured term loan may not exceed $100,000.

As of September 30, 2011, our leverage ratio and fixed charge coverage ratio, calculated in accordance with the terms of the senior secured revolving line of credit and secured term loan, are 62.51% and 1.53x, respectively. These ratios are presented solely for the purpose of demonstrating contractual covenant compliance, and should not be viewed as measures of our historical or future financial performance, financial position or cash flow.

Other Covenants and Events of Default. The senior secured revolving line of credit and secured term loan limit the percentage of our total asset value that may be invested in unimproved land, unconsolidated joint ventures, construction in progress and mortgage notes receivable, require that we obtain consent for any sale of assets with a value greater than 10% of our total asset value or merger resulting in an increase to our total asset value by more than 25% and contain other customary covenants. The senior secured revolving line of credit and secured term loan also contain customary events of default, including but not limited to, non-payment of principal, interest, fees or other amounts, breaches of covenants, defaults on any recourse indebtedness in excess of $20,000 or any non-recourse indebtedness in excess of $100,000 in the aggregate (subject to certain carveouts, including $26,865 of non-recourse indebtedness that is currently in default), failure of certain members of management (or a reasonably satisfactory replacement) to continue to be active on a daily basis in our management and bankruptcy or other insolvency events.

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Debt Maturities

The following table shows the scheduled maturities of mortgages payable, notes payable, margin payable and the secured credit facility as of September 30, 2011 for the remainder of 2011, each of the next four years and thereafter and does not reflect the impact of any debt activity that occurred after September 30, 2011:

	2011	2012	2013	2014	2015	Thereafter	Total	Fair Value
Maturing debt[1]:								
Fixed rate debt:								
Mortgages payable[2]	$ 137,339	$ 398,924	$ 310,085	$ 239,299	$ 470,662	$ 1,213,765	$ 2,770,074	$ 2,937,842
Notes payable			13,900			125,000	138,900	151,066
Total fixed rate debt	$ 137,339	$ 398,924	$ 323,985	$ 239,299	$ 470,662	$ 1,338,765	$ 2,908,974	$ 3,088,908
Variable rate debt:								
Mortgages payable	$ 29	$ 87,999	$	$	$	$	$ 88,028	$ 88,028
Secured credit facility			470,000				470,000	470,000
Margin payable	7,944						7,944	7,944
Total variable rate debt	7,973	87,999	470,000				565,972	565,972
Total maturing debt	$ 145,312	$ 486,923	$ 793,985	$ 239,299	$ 470,662	$ 1,338,765	$ 3,474,946	$ 3,654,880
Weighted average interest rate on debt:								
Fixed rate debt	6.00%	5.39%	5.55%	7.13%	5.77%	7.21%		
Variable rate debt	0.60%	3.97%	3.75%					
Total	5.70%	5.13%	4.48%	7.13%	5.77%	7.21%		

(1) The debt maturity table does not include any premiums or discounts, of which $11,243 and $(2,120), net of accumulated amortization, respectively, is outstanding as of September 30, 2011.

(2) Includes $67,504 of variable rate debt that was swapped to a fixed rate.

The maturity table excludes other financings and the co-venture obligation (see Note 1 to the condensed consolidated financial statements and Notes 1 and 10 to the consolidated financial statements). The maturity table also excludes accelerated principal payments that may be required as a result of covenants or conditions included in certain loan agreements due to the uncertainty in the timing and amount of these payments. In these cases, the total outstanding mortgage payable is included in the year corresponding to the loan maturity date or, if the mortgage payable is amortizing, the payments are presented in accordance with the loan s original amortization schedule. As of September 30, 2011, we were making accelerated principal payments on three mortgages payable with a combined outstanding principal balance of $104,562, which are reflected in the year corresponding to the loan maturity date.

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As of September 30, 2011, we had $57,276 of mortgages payable that had matured and had not been repaid or refinanced. During the second quarter of 2010, in order to prompt discussions with the lender, we ceased making the monthly debt service payment on a $29,965 mortgage loan. That loan has matured and the $26,865 that was outstanding at September 30, 2011 is included in the $57,276 of total matured debt. The non-payment of this monthly debt service amounts to $1,311 annualized and does not result in noncompliance under any of our other mortgages payable and secured credit agreements. We have attempted to negotiate and have made offers to the lender to determine an appropriate course of action under the non-recourse loan agreement; however no assurance can be provided that negotiations will result in a favorable outcome. The lender has asserted that certain events have occurred that trigger recourse to us. However, we believe that we have substantive defenses with respect to those claims. As of September 30, 2011, in addition to the $57,276 that had matured, we had $74,036 of mortgages payable, excluding principal amortization of $6,056, maturing in the remainder of 2011. The following table sets forth our progress through December 9, 2011 in addressing 2011 maturities:

	Matured as of September 30, 2011	Maturing in Remainder of 2011
Repaid and added the underlying property as collateral to the senior secured credit facility	$	$ 68,700
Other repayments including debt forgiveness	5,507	5,336
Total addressed subsequent to September 30, 2011	5,507	74,036
Actively marketing to sell related properties, or otherwise negotiating with lender	51,769(1)	
	$ 57,276	$ 74,036

(1) We have attempted to negotiate and have made offers to the lender with respect to a $26,865 mortgage loan outstanding at September 30, 2011 to determine an appropriate course of action under the non-recourse loan agreement. No assurance can be provided that these negotiations will result in favorable outcomes for us. The lender has asserted that certain events have occurred that trigger recourse to us; however, we believe that we have substantive defenses with respect to those claims.

We continue to pursue opportunities with the nation s largest banks, life insurance companies, regional and local banks, and believe we have demonstrated reasonable success in addressing our maturing debt.

Distributions and Equity Transactions

Our distributions of current and accumulated earnings and profits for federal income tax purposes are generally taxable to shareholders as ordinary income. Distributions in excess of these earnings and profits generally are treated as a non-taxable reduction of the shareholders basis in their shares to the extent thereof (a return of capital) and thereafter as taxable gain. The distributions in excess of earnings and profits will have the effect of deferring taxation on the amount of the distribution until the sale of the shareholders shares. The balance of the distribution constitutes ordinary income (or, in the case of capital gains dividends, long-term capital gains). We intend to continue to qualify as a REIT for U.S. federal income tax purposes. The Code generally requires that a REIT distribute annually at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain, in order to qualify as a REIT, and the Code generally taxes a REIT on any retained income.

To satisfy the requirements for qualification as a REIT and generally not be subject to U.S. federal income and excise tax, we intend to make regular quarterly distributions of all or substantially all of our REIT taxable income to holders of our common stock out of assets legally available for such purposes. Our future distributions will be at the sole discretion of our board of directors. When determining the amount of future distributions, we expect that our board of directors will consider, among other factors, (i) the amount of cash generated from our operating activities, (ii) our expectations of future cash flows, (iii) our determination of near-term cash needs for debt repayments, existing or future share repurchases, and selective acquisitions of new properties, (iv) the timing of significant re-leasing activities and the establishment of additional cash reserves for anticipated tenant improvements and general property capital improvements, (v) our ability to continue to access additional sources of capital, (vi) the amount required to be distributed to maintain our status as a REIT and to reduce any income and excise taxes that we otherwise would be required to pay and (vii) any limitations on our distributions contained in our credit or other agreements, including, without limitation, in our senior secured revolving line of credit and secured term loan, which limit our distributions to the greater of 95% of FFO as defined in the credit agreement (which equals FFO, as set forth in Management s Discussion and Analysis of Financial Condition and Results of Operations Funds from Operations, excluding gains or losses from extraordinary items, impairments and other non-cash charges) or the amount necessary for us to maintain our qualification as a REIT. Under certain circumstances, we may be required to make distributions in excess of cash available for distribution in order to meet the REIT distribution requirements.

As part of the strengthening of our balance sheet over the past few years, we have reduced the rate of our distributions to shareholders as compared to distribution rates from a few years ago. However, we have steadily increased the quarterly distribution rate and the distribution declared for the third quarter of 2011 represents the eighth consecutive quarterly increase. The following table sets forth the amount of our distributions declared during the nine months ended September 30, 2011 and 2010 and for the years ended December 31, 2010, 2009 and 2008 compared to cash flows provided by operating activities for each of these periods:

	Nine Months Ended September 30,		Year Ended December 31,		
	2011	2010	2010	2009	2008
Cash flows provided by operating activities	$ 128,387	$ 153,672	$ 184,072	$ 249,837	$ 309,351
Distributions declared	89,202[(1)]	67,728	94,579	75,040	308,798
Excess	$ 39,185	$ 85,944	$ 89,493	$ 174,797	$ 553

(1) Distributions for the quarter ended September 30, 2011 were declared on October 3, 2011 to shareholders of record on that date and were paid on October 11, 2011. As such, $30,738 included in this total was not recorded until October 3, 2011.

Effective November 19, 2008, the board of directors voted to suspend our share repurchase program. Upon completion of this offering our share repurchase program will be terminated as our shares of Class A Common Stock will be listed on the NYSE.

We maintain a distribution reinvestment program, or DRP, which allows our shareholders who have purchased shares in our offerings to automatically reinvest distributions by purchasing additional shares from us. Such purchases under our DRP are not subject to brokerage commission fees or service charges. As of September 30, 2011, we had issued approximately 75,465 shares pursuant to the DRP for an aggregate amount of $708,257. During the nine months ended September 30, 2011, we received $32,754 in investor proceeds through our DRP.

Capital Expenditures and Development Joint Venture Activity

We anticipate that capital demands to meet obligations related to capital improvements with respect to properties will be minimal for the foreseeable future (as many of our properties have recently been constructed or renovated) and can be met with funds from operations and working capital.

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The following table provides summary information regarding our consolidated and unconsolidated properties under development as of September 30, 2011. As of September 30, 2011, we did not have significant active construction ongoing at our development properties, and, currently, we only intend to develop the remaining estimated total GLA to the extent that we have pre-leased the space to be developed. As of September 30, 2011, we did not have any such space pre-leased and, accordingly, have no present plans for the development of the remaining estimated total GLA. As of September 30, 2011, the annualized base rent from the portion of our development properties with respect to which construction has been completed was $994.

Development Properties/Location	Estimated Stabilization Date(1)	Percent Owned	Current GLA(2)	Percent Leased(3)(4)	Estimated Total GLA(3)	Carrying Value(5)	Construction Loan Balance
Consolidated:							
Green Valley Crossing/ Henderson, NV	2014	50.0%	183,062	98.2%	272,445	$ 27,114	$ 11,350
Bellevue Mall/ Nashville, TN(6)		100.0%				26,448	
South Billings Center/ Billings, MT(6)(7)		100.0%	215,000	100.0%	215,000	4,763	
Unconsolidated:							
Hampton Retail Colorado/ Denver, CO(8)(9)	2013	95.8%	43,176		43,176	2,450	2,631
Total			441,238	89.5%	530,621	$ 60,775	$ 13,981

(1) Estimated stabilization date represents the date by which we currently estimate that leases with respect to 90% of the estimated total GLA will have commenced.
(2) Represents GLA with respect to which construction had been completed as of September 30, 2011.
(3) Includes space developed for shadow anchors.
(4) Represents the percentage of current GLA with respect to which leases had commenced as of September 30, 2011.
(5) Represents the carrying value of each property as of September 30, 2011, which was the total investment less accumulated depreciation through September 30, 2011.
(6) South Billings Center is entitled for an estimated total GLA of 404,800 square feet and Bellevue Mall is entitled for an estimated total GLA of 1,015,000 square feet. Currently, we are evaluating numerous options to maximize the development potential of each asset.
(7) On September 30, 2011, we paid our partner $300 to simultaneously settle the outstanding development fee liability and fully redeemed our partner s ownership interest.
(8) Represents the carrying value of the one property under development held by the joint venture, which was the total investment less accumulated depreciation through September 30, 2011. There is an additional $17.9 million of carrying value related to four operational properties held by the joint venture.
(9) The construction loan balance is only the portion related to one property under development held by the joint venture. There is an additional $16.2 million construction loan related to four operational properties held by the joint venture.

Asset Disposition and Operating Joint Venture Activity

During 2010 and the nine months ended September 30, 2011, our asset sales and partial sales of assets to operating joint ventures were an integral factor in our deleveraging and recapitalization efforts. The following table highlights the results of our asset dispositions, including partial sales, during 2010 and the nine months ended September 30, 2011:

	Number of Assets Sold	Square Footage	Combined Sales Price	Total Debt Extinguished	Net Sales Proceeds
2011 Partial Sales (through September 30, 2011)	1	654,200	$ 110,799	$ 60,000	$ 39,935
2011 Dispositions (through September 30, 2011)	6	2,449,000	$ 110,712	$ 43,250	$ 65,537
2010 Partial Sales	8	1,146,200	$ 159,918	$ 97,888	$ 48,616
2010 Dispositions	8	894,500	$ 104,635	$ 106,791	$ 21,024

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Asset Acquisitions

During the nine months ended September 30, 2011, consistent with our core operating property growth strategy, we acquired additional phases of two of our existing multi-tenant retail operating properties. The following table highlights our asset acquisitions during the nine months ended September 30, 2011:

	Number of Assets Acquired	Square Footage	Combined Purchase Price	Debt (1)
2011 Acquisitions (through September 30, 2011)	2	120,100	$ 16,805	

(1) No debt was assumed in either acquisition, but both properties were subsequently added as collateral to the secured credit facility.

We did not acquire any properties during 2010.

Statement of Cash Flows Comparison for the Nine Months Ended September 30, 2011 and 2010

Cash Flows from Operating Activities

Cash flows provided by operating activities were $128,387 and $153,672 for the nine months ended September 30, 2011 and 2010, respectively, which consist primarily of net income from property operations, adjusted for non-cash charges for depreciation and amortization, provision for impairment of investment properties and marketable securities and gain on extinguishment of debt. The $25,285 decrease in operating cash flows is primarily attributable to a decrease in total NOI of $10,824, of which $7,393 was generated from continuing operations, an increase in payments of leasing fees of $3,093, a decrease in distributions on investments in unconsolidated joint ventures of $2,630, a decrease in dividends received of $1,282 and timing of payments for property operating expenses.

Cash Flows from Investing Activities

Cash flows provided by investing activities were $111,107 and $19,845, respectively, for the nine months ended September 30, 2011 and 2010. During the nine months ended September 30, 2011 and 2010, we sold certain properties and received condemnation and earnout proceeds which resulted in sales proceeds of $160,303 and $92,218, respectively, and we received distributions of investments in unconsolidated joint ventures of $2,384 and none, respectively. During the nine months ended September 30, 2011 and 2010, cash used for acquisitions of additional phases of existing properties and earnouts at existing properties totaled $16,555 and $651, respectively. Amounts used to fund restricted escrow accounts, some of which are required under certain mortgage arrangements, were $3,395 and $47,416, respectively. In addition, $20,205 and $22,670, respectively, were used for capital expenditures and tenant improvements, $2,441 and $2,705, respectively, were used for existing developments projects and $9,557 and $3,307, respectively, were invested in our unconsolidated joint ventures.

We will continue to execute our strategy to dispose of select non-retail properties and free standing, triple-net retail and other properties on an opportunistic basis; however, it is uncertain given current market conditions when and whether we will be successful in disposing of these assets and whether such sales could recover our original cost. Additionally, tenant improvement costs associated with re-leasing vacant space could continue to be significant.

Cash Flows from Financing Activities

Cash flows used in financing activities were $253,089 and $183,405, respectively, for the nine months ended September 30, 2011 and 2010. We used $195,854 and $165,877, respectively, related to the net activity from principal payments, payoffs, the payment and refund of fees and deposits, other financings, the co-venture arrangement, net proceeds from our secured credit facility and new mortgages secured by our properties. During the nine months ended September 30, 2011 and 2010, we also (used) generated $(2,073) and $18,154, respectively, through the net borrowing of margin debt. We paid $52,561 and $35,783, respectively, in distributions, net of distributions reinvested through the DRP, to our shareholders for the nine months ended September 30, 2011 and 2010.

We have addressed a significant amount of mortgage debt exposure over the past few years and with our focus on leasing activity to increase occupancy and operating cash flows, we believe that we will be able to meet our short-term and long-term cash requirements.

Statement of Cash Flows Comparison for the Years Ended December 31, 2010, 2009 and 2008

Cash Flows from Operating Activities

Cash flows provided by operating activities were $184,072, $249,837 and $309,351 for the years ended December 31, 2010, 2009 and 2008, respectively, which consists primarily of net income from property operations, adjusted for non-cash charges for depreciation and amortization, provision for impairment of investment properties and marketable securities and gain on extinguishment of debt. The decrease in operating cash flows comparing 2010 to 2009 of $65,765 is primarily attributable to an increase in interest paid of $26,003 which resulted, in part, from our refinancing efforts, a decrease in dividends received of $8,607, net cash paid in conjunction with the litigation matter settlement of $8,006, an increase in the cash portion of co-venture obligation expense of $5,584 and an increase in leasing fees paid of $1,124. We have addressed a significant amount of mortgage debt exposure over the past two years and with our focus on leasing activity to increase occupancy and rental income, we believe that we will be able to meet our short-term and long-term cash requirements.

Cash Flows from Investing Activities

Cash flows provided by (used in) investing activities were $154,400, $193,706 and $(178,555), respectively, for the years ended December 31, 2010, 2009 and 2008. Of these amounts, $(22,967), $(38,680) and $46,966, respectively, represent restricted escrow activity. During 2010 and 2009, those amounts were used to fund restricted escrow accounts, some of which are required under certain new mortgage debt arrangements. In addition, $35,198, $40,778 and $132,233, respectively, were used for acquisition of new properties, earnouts at existing properties, capital expenditures and tenant improvements and $3,219, $15,297 and $73,137, respectively, were used for existing developments projects. During each of the years ended December 31, 2010 and 2009, we sold eight properties, which resulted in sales proceeds of $96,059 and $172,007, respectively. During the year ended December 31, 2010, we partially sold eight properties to an unconsolidated joint venture, which resulted in proceeds of $48,616. There were no sales executed during 2008. In addition, during the years ended December 31, 2010, 2009 and 2008, we purchased marketable securities of none, $190 and $28,433, respectively, and received proceeds from sales of marketable securities of $8,629, $125,088 and $34,789, respectively.

We will continue to execute our strategy to dispose of select non-retail properties and free standing, triple-net retail and other properties on an opportunistic basis; however it is uncertain given current market conditions when and whether we will be successful in disposing of these assets and whether such sales could recover our original cost. Additionally, tenant improvement costs associated with re-leasing vacant space could continue to be significant.

Cash Flows from Financing Activities

Cash flows used in financing activities were $321,747, $438,806 and $126,989, respectively, for years ended December 31, 2010, 2009 and 2008. We (used)/generated $(280,668), $(333,423) and $306,459, respectively, related to the net activity from proceeds from new mortgages secured by our properties, the secured line of credit, other financings, the co-venture arrangement, principal payments, payoffs and the payment and refund of fees and deposits. During the years ended December 31, 2010, 2009 and 2008, we also generated/(used) $10,017, $(56,340) and $(51,700), respectively, through the net borrowing of margin debt. We paid $50,654, $47,651 and $155,592, respectively, in distributions, net of distributions reinvested through DRP, to our shareholders for the years ended December 31, 2010, 2009 and 2008.

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Consolidated Indebtedness to be Outstanding After This Offering

Upon completion of this offering, we expect to have approximately $ million of total consolidated indebtedness, based on historical information as of September 30, 2011 as adjusted to give effect to (i) additional amounts drawn through November 3, 2011 under our senior secured revolving line of credit (no additional amounts were drawn through December 9, 2011) and (ii) this offering and the use of the net proceeds from this offering as set forth in Use of Proceeds, or, as adjusted. This indebtedness will be comprised of mortgage loans secured by of our properties, notes payable and amounts outstanding under our senior secured revolving line of credit and secured term loan.

The following table summarizes our consolidated indebtedness as of September 30, 2011 on an as adjusted basis:

Debt	Aggregate Principal Amount as of September 30, 2011	Weighted Average Interest Rate	Years to Maturity/ Weighted Average Years to Maturity
Mortgages payable	$		
IW JV mortgages payable			
IW JV senior mezzanine note			
IW JV junior mezzanine note			
Construction loans			
Mezzanine note			
Margin payable			
Mortgages and notes payable			
Secured credit facility			
Total consolidated indebtedness	$		

The following table presents our obligations and commitments to make future payments under debt obligations and lease agreements as of September 30, 2011 for the remainder of 2011, each of the next four years and thereafter on an as adjusted basis:

	Year Ended December 31,						
	2011	2012	2013	2014	2015	Thereafter	Total
Long-term debt							
Fixed rate	$	$	$	$	$	$	$
Variable rate							
Interest							
Operating lease obligations							
Purchase obligations							

Off-Balance-Sheet Arrangements

Effective April 27, 2007, we formed a joint venture (MS Inland) with a large state pension fund. Under the joint venture agreement we contributed 20% of the equity and our joint venture partner contributed 80% of the equity. As of September 30, 2011, the joint venture had acquired seven properties (which we contributed) with a purchase price of approximately $336,000 and had assumed from us mortgages on these properties totaling approximately $188,000 at the time of assumption.

On May 20, 2010, we entered into definitive agreements to form our RioCan joint venture. As of September 30, 2011, our RioCan joint venture had acquired nine multi-tenant retail properties from us, eight of which were acquired during 2010, for an aggregate purchase price of $270,241 and had assumed from us mortgages payable on these properties totaling approximately $157,888. During the nine months ended September 30, 2011, our RioCan joint venture acquired one multi-tenant retail property from us for a purchase price of $110,799 and assumed the related mortgage payable of $60,000. In addition, during the nine months ended September 30, 2011, our RioCan joint venture acquired two multi-tenant retail properties in Texas from unaffiliated third parties for which we contributed $5,130 as our share of the acquisition price net of closing costs and mortgage proceeds. We had a 20% equity interest in our RioCan joint venture as of September 30, 2011.

In addition, we have entered into the two other unconsolidated joint ventures that are described in Note 11 to the condensed consolidated financial statements.

The table below summarizes the outstanding debt of our unconsolidated joint ventures as of September 30, 2011, none of which has been guaranteed by us:

Joint Venture	Ownership Interest	Aggregate Principal Amount	Weighted Average Interest Rate	Years to Maturity/Weighted Average Years to Maturity
RioCan[1]	20.0%	$ 187,827	5.16%	5.0 years
MS Inland[2]	20.0%	$ 176,587	5.29%	2.5 years
Hampton Retail Colorado[3]	95.8%	$ 18,864	5.40%	2.9 years

(1) Aggregate principal amount excludes mortgage premiums of $1,632 and discounts of $1,253, net of accumulated amortization. As of September 30, 2011, our RioCan joint venture has two mortgages payable maturing in the remainder of 2011 or 2012, with an aggregate principal balance of $19,025 and a weighted average interest rate of 5.54%.

(2) Aggregate principal amount excludes mortgage premiums of $30 and discounts of $125, net of accumulated amortization. As of September 30, 2011, our MS Inland joint venture has four mortgages payable maturing in the remainder of 2011 or 2012, with an aggregate principal balance of $89,366 and a weighted average interest rate of 5.49%.

(3) The weighted average interest rate increases to 6.15% on September 5, 2012 and to 6.90% on September 5, 2013. Aggregate principal amount excludes mortgage premiums of $3,557, net of accumulated amortization.

Other than described above, we have no off-balance-sheet arrangements as of September 30, 2011 that are reasonably likely to have a current or future material effect on our financial condition, results of operations and cash flows.

Contractual Obligations

The table below presents our obligations and commitments to make future payments under debt obligations and lease agreements as of September 30, 2011.

	Payment due by period				
	Less than 1 year[2]	1-3 years[3]	3-5 years	More than 5 years	Total
Long-term debt[1]					
Fixed rate	$ 137,339	$ 722,909	$ 709,961	$ 1,338,765	$ 2,908,974
Variable rate	7,973	557,999			565,972
Interest	51,660	347,579	254,956	535,025	1,189,220
Operating lease obligations[4]	1,564	12,875	13,277	552,237	579,953
Purchase obligations[5]	1,400				1,400
	$ 199,936	$ 1,641,362	$ 978,194	$ 2,426,027	$ 5,245,519

(1) The Contractual Obligations table does not include any premium or discounts of which $11,243 and $(2,120) net of accumulated amortization, respectively, is outstanding as of September 30, 2011. The table

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also excludes accelerated principal payments that may be required as a result of conditions included in certain loan agreements and other financings and co-venture obligations, as described in Note 1 to the condensed consolidated financial statements, as we are unable to determine the exact timing and amount of future payments. Interest payments related to the variable rate debt were calculated using the corresponding interest rates as of September 30, 2011.

(2) Reflects payments under debt obligations and lease agreements as of September 30, 2011, for the year ended December 31, 2011. Included in the variable rate debt is $7,944 of margin debt secured by our portfolio of marketable securities. These borrowings may be repaid over time upon sale of our portfolio of marketable securities. The remaining borrowings outstanding through December 31, 2011 include amortization and maturities of mortgages and notes payable. This includes two mortgage loans that will mature in the remainder of 2011. The three mortgages payable of $57,276 that had matured as of September 30, 2011 are also included in these amounts. Mortgage loans are intended to be refinanced or paid off in 2011 using a combination of proceeds raised from expected asset sales, retained capital as a result of the suspension of the share repurchase program, and proceeds from our secured credit facility, which was amended in February 2011 (See Note 9 to the condensed consolidated financial statements).

(3) Included in the variable rate debt is $470,000 of borrowings under our secured credit facility due in 2013 and $80,883 of construction loans. The construction loans will be extended, paid off at the time of sale of the property, or converted to permanent financing upon completion.

(4) We lease land under non-cancelable leases at certain of the properties expiring in various years from 2018 to 2105. The property attached to the land will revert back to the lessor at the end of the lease. We lease office space under non-cancellable leases expiring in various years from 2011 to 2014.

(5) Purchase obligations include earnouts on previously acquired properties.

Contracts and Commitments

We have acquired certain properties which have earnout components, meaning that we did not pay for portions of these properties that were not rent producing at the time of acquisition. We are obligated, under these agreements, to pay for those portions, as additional purchase price, when a tenant moves into its space and begins to pay rent. The earnout payments are based on a predetermined formula. Each earnout agreement has a time limit regarding the obligation to pay any additional monies. The time limits generally range from one to three years. If, at the end of the time period allowed, certain space has not been leased and occupied, generally, we will own that space without any further payment obligation. As of September 30, 2011, we may pay as much as $1,400 in the future if retail space covered by earnout agreements is leased.

We have previously entered into one construction loan agreement, one secured installment note and one other installment note agreement, one of which was impaired as of December 31, 2009 and written off on March 31, 2010. In conjunction with the two remaining note agreements, we have funded our total commitments of $8,680. The combined receivable balance at September 30, 2011 and December 31, 2010 was $8,270 and $8,290, respectively, net of allowances of $300.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. For example, significant estimates and assumptions have been made with respect to useful lives of assets; capitalization of development and leasing costs; fair value measurements; provision for impairment, including estimates of holding periods, capitalization rates, and discount rates (where applicable); provision for income taxes; recoverable amounts of receivables; deferred taxes and initial valuations and related amortization periods of deferred costs and intangibles, particularly with respect to property acquisitions. Actual results could differ from those estimates.

Summary of Significant Accounting Policies

Critical Accounting Policies and Estimates

The following disclosure pertains to accounting policies and estimates we believe are most critical to the portrayal of our financial condition and results of operations which require our most difficult, subjective or complex judgments. These judgments often result from the need to make estimates about the effect of matters that are inherently uncertain. GAAP requires information in financial statements about accounting principles, methods used and disclosures pertaining to significant estimates. This discussion addresses our judgment pertaining to trends, events or uncertainties known which were taken into consideration upon the application of those policies and the likelihood that materially different amounts would be reported upon taking into consideration different conditions and assumptions.

Acquisition of Investment Property

We allocate the purchase price of each acquired investment property between the estimated fair values of land, building and improvements, acquired above market and below market lease intangibles, in-place lease value, any assumed financing that is determined to be above or below market, and the value of customer relationships, if any, and goodwill, if determined to meet the definition of a business under the guidance. The allocation of the purchase price is an area that requires judgment and significant estimates. Beginning in 2009, transaction costs associated with any acquisitions are expensed as incurred. In some circumstances, we engage independent real estate appraisal firms to provide market information and evaluations that help support our purchase price allocations; however, we are ultimately responsible for the purchase price allocations. We determine whether any financing assumed is above or below market based upon comparison to similar financing terms at the time of acquisition for similar investment properties. We allocate a portion of the purchase price to the estimated, acquired in-place lease value based on estimated lease execution costs for similar leases, as well as, lost rental payments during an assumed lease-up period when calculating as-if-vacant fair values. We consider various factors including geographic location and size of the leased space. We also evaluate each significant acquired lease based upon current market rates at the acquisition date and consider various factors, including geographical location, size and location of the leased space within the investment property, tenant profile, and the credit risk of the tenant in determining whether the acquired lease is above or below market. If an acquired lease is determined to be above or below market, we allocate a portion of the purchase price to such above or below market leases based upon the present value of the difference between the contractual lease rate and the estimated market rate. For below market leases with fixed rate renewals, renewal periods are included in the calculation of below market lease values. The determination of the discount rate used in the present value calculation is based upon a risk adjusted rate. This discount rate is a significant factor in determining the market valuation which requires our evaluation of subjective factors such as market knowledge, economics, demographics, location, visibility, age and physical condition of the property.

Impairment of Long-Lived Assets

Our investment properties, including developments in progress, are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment indicators are assessed separately for each property and include, but are not limited to, the property s low occupancy rate, difficulty in leasing space and financially troubled tenants. Impairment indicators for developments in progress are assessed by project and include, but are not limited to, significant changes in project completion dates, development costs and market factors.

If an indicator of potential impairment exists, the asset would be tested for recoverability by comparing its carrying value to the estimated future undiscounted operating cash flows, which is based upon many factors which require us to make difficult, complex or subjective judgments. Such assumptions include, but are not limited to, projecting vacancy rates, rental rates, operating expenses, lease terms, tenant financial strength, economic factors, demographics, property location, capital expenditures, holding period, capitalization rates and sales value. An investment property is considered to be impaired when the estimated future undiscounted operating cash flows are less than its carrying value.

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Our investments in unconsolidated joint ventures are reviewed for potential impairment, in addition to impairment evaluations of the individual assets underlying these investments, whenever events or changes in circumstances warrant such an evaluation. To determine whether impairment is other-than-temporary, we consider whether we have the ability and intent to hold the investment until the carrying value is fully recovered.

To the extent an impairment has occurred, the excess of the carrying value of the asset over its estimated fair value is recorded as a provision for impairment.

Cost Capitalization, Depreciation and Amortization Policies

Our policy is to review all expenses paid and capitalize any items which are deemed to be an upgrade or a tenant improvement. These costs are included in the investment properties classification as an addition to buildings and improvements.

Depreciation expense is computed using the straight-line method. Buildings and improvements are depreciated based upon estimated useful lives of 30 years for buildings and associated improvements and 15 years for site improvements and most other capital improvements. Acquired in-place lease value, customer relationship value, if any, other leasing costs and tenant improvements are amortized on a straight-line basis over the life of the related lease as a component of depreciation and amortization expense. The portion of the purchase price allocated to acquired above market lease intangibles and acquired below market lease intangibles are amortized on a straight-line basis over the life of the related lease as an adjustment to net rental income and over the respective renewal period for below market leases with fixed renewal rates. Renewal periods are excluded for amortization periods on above market lease intangibles.

Loss on Lease Terminations

In situations in which a lease or leases associated with a significant tenant have been or are expected to be terminated early, we evaluate the remaining useful lives of depreciable or amortizable assets in the asset group related to the lease that will be terminated (i.e., tenant improvements, above and below market lease intangibles, in-place lease intangibles, and leasing commissions). Based upon consideration of the facts and circumstances of the termination, we may write-off or accelerate the depreciation and amortization associated with the applicable asset group. If we conclude that a write-off of the asset group is appropriate, such charges are reported in the consolidated statements of operations and other comprehensive loss as Loss on lease terminations.

Investment Properties Held For Sale

In determining whether to classify an investment property as held for sale, we consider whether: (i) management has committed to a plan to sell the investment property; (ii) the investment property is available for immediate sale in its present condition; (iii) we have initiated a program to locate a buyer; (iv) we believe that the sale of the investment property is probable; (v) we have received a significant non-refundable deposit for the purchase of the investment property; (vi) we are actively marketing the investment property for sale at a price that is reasonable in relation to its current value, and (vii) actions required for us to complete the plan indicate that it is unlikely that any significant changes will be made.

If all of the above criteria are met, we classify the investment property as held for sale. When these criteria are met, we suspend depreciation (including depreciation for tenant improvements and building improvements) and amortization of acquired in-place lease value and we record the investment property held for sale at the lower of cost or net realizable value. The assets and liabilities associated with those investment properties that are held for sale are classified separately on the consolidated balance sheets for the most recent reporting period. Additionally, if the operations and cash flows of the property have been eliminated from ongoing operations and we don t have significant continuing involvement in the operations of the property, then the operations for the periods presented are classified on the consolidated statements of operations and other comprehensive loss as discontinued operations for all periods presented.

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Partially-Owned Entities

If we determine that we are an owner in a variable interest entity (VIE) and we hold a controlling financial interest, then we will consolidate the entity as the primary beneficiary. For partially-owned entities determined not to be a VIE, we analyze rights held by each partner to determine which would be the consolidating party. We generally consolidate entities (in the absence of other factors when determining control) when we have over a 50% ownership interest in the entity. We assess our interests in variable interest entities on an ongoing basis to determine whether or not we are a primary beneficiary. However, we also evaluate who controls the entity even in circumstances in which we have greater than a 50% ownership interest. If we do not control the entity due to the lack of decision-making abilities, we will not consolidate the entity.

Marketable Securities

Investments in marketable securities are classified as available for sale and accordingly are carried at fair value, with unrealized gains and losses reported as a separate component of shareholders equity. Declines in the value of these investments in marketable securities that management determines are other-than-temporary are recorded as recognized gain (loss) on marketable securities on the consolidated statement of operations and other comprehensive loss.

To determine whether an impairment is other-than-temporary, we consider whether we have the ability and intent to hold the investment until a market price recovery and consider whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary, amongst other things. Evidence considered in this assessment includes the nature of the investment, the reasons for the impairment (i.e. credit or market related), the severity and duration of the impairment, changes in value subsequent to the end of the reporting period and forecasted performance of the investee. All available information is considered in making this determination with no one factor being determinative.

Allowance for Doubtful Accounts

We periodically evaluate the collectability of amounts due from tenants and maintain an allowance for doubtful accounts for estimated losses resulting from the inability of tenants to make required payments under their lease agreements. We also maintain an allowance for receivables arising from the straight-lining of rents. This receivable arises from revenue recognized in excess of amounts currently due under the lease agreements. Management exercises judgment in establishing these allowances and considers payment history and current credit status in developing these estimates.

Derivative and Hedging Activities

We adopted accounting guidance as of January 1, 2009 which amends and expands the disclosure requirements related to derivative instruments and hedging activities with the intent to provide users of financial statements with an enhanced understanding of (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for, and (c) how derivative instruments and the related hedged items affect an entity s financial position, financial performance and cash flows. The guidance requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about the fair value of and gains and losses on derivative instruments, and disclosures about credit risk related contingent features in derivative instruments.

All derivatives are recorded on the consolidated balance sheets at their fair values within Other assets, or Other liabilities. On the date that we enter into a derivative, we may designate the derivative as a hedge against the variability of cash flows that are to be paid in connection with a recognized liability. Subsequent changes in the fair value of a derivative designated as a cash flow hedge that is determined to be highly effective are recorded in other comprehensive loss until earnings are affected by the variability of cash flows of the hedged transactions. Any hedge ineffectiveness or changes in the fair value for any derivative not designated as a hedge is reported in net loss. We do not use derivatives for trading or speculative purposes**.**

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Revenue Recognition

We commence revenue recognition on our leases based on a number of factors. In most cases, revenue recognition under a lease begins when the lessee takes possession of or controls the physical use of the leased asset. Generally, this occurs on the lease commencement date. The determination of who is the owner, for accounting purposes, of the tenant improvements determines the nature of the leased asset and when revenue recognition under a lease begins. If we are the owner, for accounting purposes, of the tenant improvements, then the leased asset is the finished space and revenue recognition begins when the lessee takes possession of the finished space, typically when the improvements are substantially complete. If we conclude we are not the owner, for accounting purposes, of the tenant improvements (the lessee is the owner), then the leased asset is the unimproved space and any tenant improvement allowances funded under the lease are treated as lease incentives which reduce revenue recognized over the term of the lease. In these circumstances, we begin revenue recognition when the lessee takes possession of the unimproved space for the lessee to construct their own improvements. We consider a number of different factors to evaluate whether we or the lessee are the owner of the tenant improvements for accounting purposes. These factors include:

- whether the lease stipulates how and on what a tenant improvement allowance may be spent;
- whether the tenant or landlord retains legal title to the improvements;
- the uniqueness of the improvements;
- the expected economic life of the tenant improvements relative to the length of the lease;
- who constructs or directs the construction of the improvements, and
- whether the tenant or landlord is obligated to fund cost overruns.

The determination of who owns the tenant improvements, for accounting purposes, is subject to significant judgment. In making that determination, we consider all of the above factors. No one factor, however, necessarily establishes its determination.

Rental income is recognized on a straight-line basis over the term of each lease. The difference between rental income earned on a straight-line basis and the cash rent due under the provisions of the lease is recorded as deferred rent receivable and is included as a component of Accounts and notes receivable in the consolidated balance sheets.

Reimbursements from tenants for recoverable real estate taxes and operating expenses are accrued as revenue in the period the applicable expenditures are incurred. We make certain assumptions and judgments in estimating the reimbursements at the end of each reporting period.

We record lease termination income if there is a signed termination letter agreement, all of the conditions of the agreement have been met, the tenant is no longer occupying the property and collectibility is reasonably assured. Upon early lease termination, we provide for losses related to recognized tenant specific intangibles and other assets or adjust the remaining useful life of the assets if determined to be appropriate.

Our policy for percentage rental income is to defer recognition of contingent rental income (i.e. purchase/excess rent) until the specified target (i.e. breakpoint) that triggers the contingent rental income is achieved.

In conjunction with certain acquisitions, we receive payments under master lease agreements pertaining to certain non-revenue producing spaces either at the time of, or subsequent to, the purchase of these properties. Upon receipt of the payments, the receipts are recorded as a reduction in the purchase price of the related properties rather than as rental income. These master leases were established at the time of purchase in order to mitigate the potential negative effects of loss of rent and expense reimbursements. Master lease payments are received through a draw of funds escrowed at the time of purchase and generally cover a period from three months to three years. These funds may be released to either us or the seller when certain leasing conditions are met.

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Profits from sales of real estate are not recognized under the full accrual method unless a sale is consummated; the buyer s initial and continuing investments are adequate to demonstrate a commitment to pay for the property; our receivable, if applicable, is not subject to future subordination; we have transferred to the buyer the usual risks and rewards of ownership, and we do not have substantial continuing involvement with the property.

Impact of Recently Issued Accounting Pronouncements

Effective January 1, 2009, companies that decrease their ownership in a subsidiary that involves in-substance real estate should account for the transaction under the guidance for sales of real estate. The transfer of our 23% interest in IW JV to Inland Equity for $50,000 was accounted for as a financing transaction and is reflected in Co-venture obligation on our consolidated balance sheets.

Effective January 1, 2010, companies that issue a portion of their distributions to shareholders in stock should account for the stock portion that allows the shareholder to elect to receive cash or shares with potential limitation on the total amount of cash that all shareholders can elect to receive in the aggregate as a share issuance, which is to be reflected in earnings per share prospectively. This guidance did not have a material effect on our consolidated financial statements.

Effective January 1, 2010, the analysis for identifying the primary beneficiary of a VIE has been simplified by replacing the previous quantitative-based analysis with a framework that is based more on qualitative judgments. The analysis requires the primary beneficiary of a VIE to be identified as the party that both (a) has the power to direct the activities of a VIE that most significantly impact its economic performance and (b) has an obligation to absorb losses or a right to receive benefits that could potentially be significant to the VIE. Although the amendment significantly affects the overall consolidation analysis under previously issued guidance, the adoption on January 1, 2010 did not have a material impact on the consolidated financial statements.

Effective January 1, 2010, companies are required to separately disclose the amounts of significant transfers of assets and liabilities into and out of Level 1, Level 2 and Level 3 of the fair value hierarchy and the reasons for those transfers. Companies must also develop and disclose their policy for determining when transfers between levels are recognized. In addition, companies are required to provide fair value disclosures for each class rather than each major category of assets and liabilities. For fair value measurements using significant other observable inputs (Level 2) or significant unobservable inputs (Level 3), companies are required to disclose the valuation technique and the inputs used in determining fair value for each class of assets and liabilities. This guidance did not have a material effect on our consolidated financial statements.

Effective January 1, 2011, companies are required to separately disclose purchases, sales, issuances and settlements on a gross basis in the reconciliation of recurring Level 3 fair value measurements. This guidance did not have a material effect on our consolidated financial statements.

Effective January 1, 2011, public companies that enter into a material business combination, or series of individually immaterial business combinations that are material in the aggregate, are required to disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. In addition, the supplemental pro forma disclosures are expanded. If we enter into a qualifying business combination, we will comply with the disclosure requirements of this guidance.

Effective January 1, 2012, guidance on how to measure fair value and on what disclosures to provide about fair value measurements will be converged with international standards. The adoption will require some additional disclosures around fair value measurement; however, we do not expect the adoption will have a material effect on our financial statements.

Effective January 1, 2012, public companies will be required to report components of comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive

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statements. This guidance does not change the items that must be reported in other comprehensive income. We do not expect the adoption will have any effect on our financial statements.

Subsequent Events

During the period from October 1, 2011 through December 9, 2011 we:

- drew an additional $85,000 on our senior secured revolving line of credit and used the proceeds to repay $68,700 of mortgage debt that was secured by one property that had an interest rate of 5.12% and matured on October 1, 2011. This property was added to the collateral pool, which increased our borrowing availability by $58,760;

- closed on a loan modification on one of our properties, which extended the maturity of a $7,137 mortgage payable from May 28, 2012 to September 30, 2016;

- closed on the refinancing of an $11,350 construction loan, which resulted in an increase in the outstanding principal balance to $11,552, a change in the maximum borrowing amount to $26,000 and an extension of the maturity date from December 31, 2012 to November 2, 2014. In conjunction with the refinancing, we have guaranteed 40% of the outstanding principal balance, up to a maximum of $10,400, pursuant to the terms and conditions of the loan documents;

- closed on the sale of a 194,900 square foot multi-tenant retail property for a sales price of $3,000, which resulted in no gain on sale and net cash proceeds of $2,630, after customary prorations at closing;

- closed on the purchase from the lender of a matured $4,520 mortgage payable note for a discounted price of $3,160, giving rise to $1,360 of debt forgiveness;

- repaid a $5,336 mortgage payable with a stated interest rate of 5.15%;

- executed a short-term forbearance agreement with the lender on one matured mortgage, with an outstanding principal balance of $24,904, that expires on December 30, 2011. Subsequent to December 30, 2011, the lender has the right to begin foreclosure proceedings on the property securing the mortgage, or for the period subsequent to December 30, 2011 and through March 31, 2012, the lender has the right, but not the obligation, to take the deed to the property securing this matured mortgage payable in lieu of foreclosure; and

- closed on the sale of a 13,800 square foot single-user retail property for a sales price of $6,000, which resulted in $509 gain on sale and net cash proceeds of $5,872, after customary prorations at closing.

On October 3, 2011, our board of directors declared the distribution for the third quarter of 2011 of $0.06 per share, which was paid on October 11, 2011 to shareholders of record at the close of business on October 3, 2011.

On October 11, 2011, the RioCan joint venture acquired a 486,900 square foot multi-tenant retail property in Cedar Park, Texas for an acquisition price of $97,605, for which we contributed $18,886, which represented our 20% share of the acquisition price, net of closing costs.

On October 11, 2011, under our Independent Director Stock Option Plan, each non-employee, non-related party director was granted options to purchase an additional five shares of common stock.

On December 2, 2011, the RioCan joint venture acquired a 469,031 square foot multi-tenant retail property in San Antonio, Texas for an acquisition price of $92,200, for which we contributed $18,440, which represented our 20% share of the acquisition price, net of closing costs.

Inflation

For our multi-tenant shopping centers, inflation is likely to increase rental income from leases to new tenants and lease renewals, subject to market conditions. Our rental income and operating expenses for those properties owned, or expected to be owned and operated under net leases, are not likely to be directly affected by

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future inflation, since rents are or will be fixed under those leases and property expenses are the responsibility of the tenants. The capital appreciation of single-user net lease properties is likely to be influenced by interest rate fluctuations. To the extent that inflation determines interest rates, future inflation may have an effect on the capital appreciation of single-user net lease properties. As of September 30, 2011, we owned 103 single-user properties, of which 88 are net lease properties.

Quantitative and Qualitative Disclosures About Market Risk

We may be exposed to interest rate changes primarily as a result of long-term debt used to maintain liquidity and fund capital expenditures and expansion of our real estate investment portfolio and operations. Our interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. To achieve our objectives we borrow primarily at fixed rates or variable rates with the lowest margins available and in some cases, with the ability to convert variable rates to fixed rates.

With regard to variable-rate financing, we assess interest rate cash flow risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. We maintain risk management control systems to monitor interest rate cash flow risk attributable to both of our outstanding or forecasted debt obligations as well as our potential offsetting hedge positions. The risk management control systems involve the use of analytical techniques, including cash flow sensitivity analysis, to estimate the expected impact of changes in interest rates on our future cash flows.

We may use additional derivative financial instruments to hedge exposures to changes in interest rates on loans secured by our properties. To the extent we do, we are exposed to credit risk and market risk. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest-rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes us, which creates credit risk for us. When the fair value of a derivative contract is negative, we owe the counterparty and, therefore, we generally are not exposed to the credit risk of the counterparty. It is our policy to enter into these transactions with the same party providing the financing, with the right of offset. Alternatively, we will minimize the credit risk in derivative instruments by entering into transactions with high-quality counterparties.

The combined carrying amount of our mortgages payable, notes payable, secured credit facility and co-venture obligation is approximately $173,672 lower than the fair value as of September 30, 2011.

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Interest Rate Risk

Our interest rate risk is monitored using a variety of techniques. The table below presents, as of September 30, 2011, the scheduled maturities of mortgages payable, notes payable, margin payable and the secured credit facility and weighted average interest rates by year to evaluate the expected cash flows and sensitivity to interest rate changes, but does not reflect the impact of any debt activity that occurred after September 30, 2011.

	2011	2012	2013	2014	2015	Thereafter	Total	Fair Value
Maturing debt[1]:								
Fixed rate debt:								
Mortgages payable[2]	$ 137,339	$ 398,924	$ 310,085	$ 239,299	$ 470,662	$ 1,213,765	$ 2,770,074	$ 2,937,842
Notes payable			13,900			125,000	138,900	151,066
Total fixed rate debt	$ 137,339	$ 398,924	$ 323,985	$ 239,299	$ 470,662	$ 1,338,765	$ 2,908,974	$ 3,088,908
Variable rate debt:								
Mortgages payable	$ 29	$ 87,999	$	$	$	$	$ 88,028	$ 88,028
Secured credit facility			470,000				470,000	470,000
Margin payable	7,944						7,944	7,944
Total variable rate debt	7,973	87,999	470,000				565,972	565,972
Total maturing debt	$ 145,312	$ 486,923	$ 793,985	$ 239,299	$ 470,662	$ 1,338,765	$ 3,474,946	$ 3,654,880
Weighted average interest rate on debt:								
Fixed rate debt	6.00%	5.39%	5.55%	7.13%	5.77%	7.21%		
Variable rate debt	0.60%	3.97%	3.75%					
Total	5.70%	5.13%	4.48%	7.13%	5.77%	7.21%		

(1) The debt maturity table does not include any premiums or discounts, of which $11,243 and $(2,120), net of accumulated amortization, respectively, is outstanding as of September 30, 2011.

(2) Includes $67,504 of variable rate debt that was swapped to a fixed rate.

The maturity table excludes other financings and co-venture obligations (see Note 1 to the condensed consolidated financial statements and Notes 1 and 10 to the consolidated financial statements). The maturity table also excludes accelerated principal payments that may be required as a result of covenants or conditions included in certain loan agreements due to the uncertainty in the timing and amount of these payments. In these cases, the total outstanding mortgage payable is included in the year corresponding to the loan maturity date or, if the mortgage payable is amortizing, the payments are presented in accordance with the loan s original amortization schedule. As of September 30, 2011, we were making accelerated principal payments on three mortgages payable with a combined outstanding principal balance of $104,562, which are reflected in the year corresponding to the loan maturity date.

We had $565,972 of variable-rate debt, with interest rates varying based upon LIBOR, with a weighted average interest rate of 3.74% at September 30, 2011. An increase in the variable interest rate on this debt constitutes a market risk. If interest rates increase by 1%, based on debt outstanding as of September 30, 2011, interest expense would increase by approximately $5,660 on an annualized basis.

The table incorporates only those interest rate exposures that existed as of September 30, 2011. It does not consider those interest rate exposures or positions that could arise after that date. The information presented herein is merely an estimate and has limited predictive value. As a result, the ultimate realized gain or loss with respect to interest rate fluctuations will depend on the interest rate exposures that arise during the period, our hedging strategies at that time and future changes in the level of interest rates.

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Equity Price Risk

We are exposed to equity price risk as a result of our investments in marketable securities. Equity price risk changes as the volatility of equity prices changes or the values of corresponding equity indices change.

The Company did not recognize other-than-temporary impairments for the nine months ended September 30, 2011 or the year ended December 31, 2010. Other-than-temporary impairments were $24,831 and $160,327 for the years ended December 31, 2009 and 2008, respectively. These impairments resulted from declines in the fair value of our REIT stock investments that we considered to be other-than-temporary. At this point in time, certain of our investments continue to generate dividend income while other investments of ours have ceased generating dividend income or are doing so at reduced rates. As the equity market has begun to recover, we have been able to sell some marketable securities at prices in excess of our current book values. However, if our stock positions do not continue to recover in 2011, we could take additional other-than-temporary impairments, which could be material to our operations.

As of September 30, 2011, our investment in marketable securities totaled $30,028, which included $17,986 of accumulated unrealized gain. In the event that the value of our marketable securities declined by 50%, our investment would be reduced to $15,014 and, if we then sold all of our marketable securities at this value, we would recognize a gain on marketable securities of $2,972. For the nine months ended September 30, 2011, our cash flows from operating activities included $1,753 that we received as distributions on our marketable securities. We could lose some or all of these cash flows if these distributions were reduced or eliminated in the future. Because all of our marketable securities are equity securities, the issuers of these securities could determine to reduce or eliminate these distributions at any time in their discretion.

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INDUSTRY OVERVIEW

Unless otherwise indicated, all information contained in this Industry Overview section is derived from a market study prepared for us by Rosen as of February 11, 2011 and the projections and beliefs of Rosen stated herein are as of that date.

As employment and income growth accelerate, Rosen expects consumer confidence to increase accordingly, driving stronger retail sales growth of 2.3% and 3.8% in 2011 and 2012, respectively. Rosen believes that the recession caused a lasting shift in consumer behavior, providing a boost to value-oriented grocers, discount retailers and other retailers that provide basic household goods or clothing. Therefore, Rosen expects sales at these grocers and retailers to remain strong going forward.

Economic Outlook

Since bottoming in December 2009, the economy has added more than 1.3 million jobs in the private sector. According to a January 2011 survey by the National Association for Business Economics, 42% of companies planned to increase their workforce during the first half of 2011, an increase from the January 2010 survey, when 29% of firms planned to increase their workforce during the first half of 2010. Also, the percentage of companies that planned to decrease their number of workers during the first half of the year declined to 7% as of the January 2011 survey, from 23% as of the January 2010 survey. The survey results reflect businesses higher confidence in the economic recovery. Rosen expects the rate of job creation to accelerate to 1.3% in 2011 and 2012, followed by 0.9% and 1.5% growth in 2013 and 2014, respectively. In total, Rosen expects 6.65 million new jobs to be created between 2011 and 2014, bringing employment back to mid-2008 levels. The unemployment rate is forecasted to decline from 9.6% in 2010 to 7.0% in 2014.

Economic growth, measured by gross domestic product, or GDP, was steady through the first three quarters of 2010, driven by improvement in consumer spending as well as an increase in private investment. Adjusted for inflation and seasonal factors, GDP for the third quarter of 2010 increased by 0.63% over the second quarter and by 3.25% compared to the same quarter in the prior year. The increased contribution from the private sector in driving economic growth was a positive sign regarding the progress of the recovery. Looking forward, Rosen believes that the pace of the economic recovery that began in 2010 will accelerate in 2011. Rosen expects GDP growth to improve, accelerating from an estimated annual growth rate of 2.2% in 2010 to 2.8% and 3.0% in 2011 and 2012, respectively. The forecast calls for GDP growth to decelerate to 1.5% in 2013, as inflationary pressures and higher interest rates result in a national economic slowdown. Thereafter, Rosen expects GDP growth to increase to 2.0% in 2014.

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Consumer and Retail Sales Outlook

Consumer confidence levels have increased from recessionary lows, although uncertainty regarding the sustainability of the economic recovery prevented the indices from improving more significantly in 2010. Consumers at year-end 2010 were much more positive regarding future economic conditions than about their current situations, as evidenced by the consumer confidence index measured by The Conference Board. The index is divided into two components: (i) the present situation component, which measures consumers assessment of the present situation, and (ii) the expectations component, which measures consumer sentiment regarding the next six months. Both components have risen from their recessionary lows, but the expectations component has increased more dramatically, standing at 71.9 in December 2010, compared to its recent low of 27.3 in February 2009. Both components should increase as the pace of job creation accelerates in 2011, resulting in higher consumer spending. Rosen expects the consumer confidence index, which represents the sum of two-fifths of the present situation component and three-fifths of the expectations component, to rebound to 80.0 in 2011 and 90.0 in 2012. Rosen believes that the index will decline to 80.0 in 2013 as the economy slows, before rising to 95.0 in 2014, on par with 2004 levels.

Following five consecutive year-over-year decreases, aggregate personal income increased at an annual rate of 0.66% in the second quarter of 2010, accelerating to 2.10% growth in the third quarter. Real per capita disposable income growth, a key metric for the retail industry, was 1.93% year-over-year in the third quarter, after a more modest 0.44% increase in 2009. These positive income trends are expected to result in increased consumer spending, particularly as consumer confidence increases. Rosen expects stronger income growth to increase consumers spending capacity, driving retail sales growth. The forecast calls for real per capita disposable income growth to average 2.7% annually between 2011 and 2014, compared with an estimated 1.1% average annual increase between 2007 and 2010. With credit standards tighter and home equity lines of credit no longer a viable option for many households, stronger income growth will be a key factor in supporting retail sales growth going forward.

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Retail sales continued to recover in 2010, increasing at an average annual rate of 6.6% each month. According to the U.S. Census Bureau s Monthly Retail Trade Survey, total retail sales excluding motor vehicles and parts dealers neared a seasonally adjusted total of $312.8 billion in December 2010, surpassing the previous peak total of $312.7 billion in July 2008. According to the ICSC Chain Store Sales Trends report, holiday sales at stores open at least one year increased by 3.8%, the fastest rate since 2006. As consumer demand strengthens, Rosen expects a corresponding increase in sales compared with recent years. Although sales growth is unlikely to return to peak rates, Rosen believes that annual retail sales growth (including online sales made by brick and mortar retailers) will average 2.8% during the next four years, bringing total fourth-quarter sales to more than $1 trillion in 2014, an increase of nearly $70 billion from the fourth quarter of 2010. Rosen expects sales at value-oriented grocers, discount retailers and other retailers that provide basic household goods or clothing, which maintained positive sales growth or posted only small declines during the recession, to continue to post strong sales growth going forward.

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Retail Real Estate Market

As consumer demand rebounded in 2010, the outlook for the retail market improved. Following a substantial number of retailer bankruptcies and closures during the recession, store closing announcements slowed sharply in 2009 and 2010 as consumer demand started to stabilize. According to the International Council of Shopping Centers (ICSC), store closing announcements by major retailers slowed in 2009, to 4,811 announced closures, after more than 6,900 closures were announced in 2008. Although nearly as many store closings were announced during the first half of 2010 as during all of 2009, the pace slowed sharply during the third quarter, when just 350 closings were announced. Because of the strong holiday shopping season, typically the make-or-break period for troubled retailers, as well as effective cost-cutting and inventory management, few retailers have announced closures or bankruptcies as of early 2011. Rosen believes that the bulk of closures have already occurred. According to a recent survey by the National Retail Federation, 41% of retailers intend to expand domestically this year, compared with 25% one year ago.

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Construction Activity and Outlook

Retail construction activity, as measured by the value of construction put-in-place, remained very low through the first three quarters of 2010 because of the high vacancy rate and a lack of available construction financing. In the third quarter of 2010, the value of put-in-place construction totaled a seasonally adjusted annual rate of $18.2 billion, compared with fourth-quarter averages of $43.7 billion between 2002 and 2008. As demand rebounds, tenant competition for existing space will increase because of the small amount of new space becoming available. Rosen forecasts the value of inflation-adjusted, put-in-place construction to fall from $18.0 billion in 2010 to $16.5 billion in 2011, approximately 65% less than the recent peak of $46.8 billion in 2007. Thereafter, construction activity should increase to $19.5 billion, $23.0 billion and $30.0 billion in 2012, 2013 and 2014, respectively, still significantly less than in recent years. The limited amount of new space should help the market tighten, supporting stronger rent growth as tenants compete for a diminishing amount of existing space.

Rent and Vacancy Rate Trends and Outlook

Market fundamentals weakened since 2006 because of the many store closings, bankruptcies and liquidations, coupled with a large amount of new space completed during that period. The retail vacancy rate increased to 8.7% in 2009, up from a cyclical low of 6.9% in 2006, and rents either increased at a slower pace or declined for neighborhood and community centers, power centers and regional malls. Neighborhood and community centers were the healthiest throughout the downturn because of the relative stability of typical tenants at these types of centers, including drug stores and grocery stores. Demand remained stronger for the non-discretionary goods typically sold at these centers, enabling landlords to continue to increase rents throughout the downturn and recovery period, including 0.6% annual growth in the third quarter of 2010. Power centers were the most adversely affected due to closures by large national tenants including Circuit City and Linens n Things. While rents dropped 0.7% year-over-year in the third quarter of 2010, leasing activity for this type of space began to increase. Strong national tenants that typically occupy big-box space are leasing well-located buildings in power centers and should continue to drive absorption of this property type.

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As job growth and higher confidence levels boost consumer demand, Rosen expects retail market conditions to improve beginning in 2011. Rosen forecasts the national retail vacancy rate to fall slowly from 8.8% in 2011 to 8.0% in 2014. As vacant space is absorbed, landlords should be able to increase rents at an accelerating pace. Rosen expects rent growth of 1.7% for neighborhood and community centers and 1.5% for power centers in 2011, accelerating for both property types to more than 2.0% by 2012, and to the 3% range by 2014, on par with annual growth rates at the peak of the most recent cycle in 2006 and 2007.

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OUR BUSINESS AND PROPERTIES

Overview

We are one of the largest owners and operators of shopping centers in the United States. As of September 30, 2011, our retail operating portfolio consisted of 263 properties with 34.8 million square feet of GLA. Our retail operating portfolio is geographically diversified across 35 states and includes power centers, community centers, neighborhood centers and lifestyle centers, as well as single-user retail properties. Our retail properties are primarily located in retail districts within densely populated areas in highly visible locations with convenient access to interstates and major thoroughfares. Our retail properties have a weighted average age, based on annualized base rent, of only approximately 9.6 years since the initial construction or most recent major renovation. As of September 30, 2011, our retail operating portfolio was 88.6% leased, including leases signed but not commenced. In addition to our retail operating portfolio, as of September 30, 2011, we also held interests in 15 office and industrial operating properties, including 12 office properties and three industrial properties, two non-stabilized operating properties, 22 retail operating properties held by three unconsolidated joint ventures and four retail properties under development.

Our shopping centers are primarily anchored or shadow anchored by strong national and regional grocers, discount retailers and other retailers that provide basic household goods or clothing, including Target, TJX Companies, PetSmart, Best Buy, Bed Bath and Beyond, Home Depot, Kohl s, Wal-Mart, Publix and Lowe s. As of September 30, 2011, over 90% of our shopping centers, based on GLA, were anchored or shadow anchored by a grocer, discount department store, a wholesale club or retailers that sell basic household goods or clothing. Overall, we have a broad and highly diversified retail tenant base that includes approximately 1,500 tenants with no one tenant representing more than 3.3% of the total annualized base rent generated from our retail operating properties, or our retail annualized base rent.

We are a client-focused organization, maintaining very active relationships with our key tenants. We have 19 property management offices strategically located across the country and over 180 employees primarily dedicated to our leasing, asset management and property management activities. Our senior management team applies a hands-on approach to leasing our portfolio and is supported by over 80 property managers and senior leasing agents who have an average of 15 years of experience in the industry. We believe that the size and scale of our property management and leasing organization, the breadth of our tenant relationships and the scale of our retail portfolio provides us with a competitive advantage in dealing with national and large regional grocers and retailers. Through the efforts of our leasing team since the beginning of 2009, we have renewed approximately 75% of our expiring leases based on GLA at aggregate base rental rates that reflected comparatively small decreases from the base rental rates of the expiring leases and have signed 500 new leases for 4.2 million square feet of GLA, representing 12.0% of the total GLA in our retail operating portfolio.

Competitive Strengths

We believe that we distinguish ourselves from other owners and operators of shopping centers through the following competitive strengths:

Large, Diversified, High Quality Retail Portfolio

We own a national portfolio of high quality retail properties that is well diversified both geographically and by property type. We have retail operating properties in 35 states with no one metropolitan statistical area, or MSA, accounting for more than 4.6% of our retail annualized base rent, other than the Dallas-Fort Worth-Arlington area, which accounts for 14.5% of our retail annualized base rent. Our retail operating portfolio is also well diversified by type, including 64 power centers with 15.5 million square feet of GLA, 60 community centers with 9.2 million square feet of GLA, 44 neighborhood centers with 3.3 million square feet of GLA and seven lifestyle shopping centers with 3.3 million square feet of GLA, as well as 88 single-user retail properties with 3.5 million square feet of GLA and two non-stabilized operating properties. We believe the size and scale of our retail portfolio gives us an

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advantage in working with national and large regional grocers and retailers, as we offer many potential locations to choose from within a selected area and can address multiple needs for space in different geographic areas for tenants with multiple locations. The scale of our portfolio and our tenant relationships have resulted in 29 of our tenants each leasing space at more than 15 locations in our retail operating portfolio, representing a total of 9.0 million square feet of GLA. The following charts show the diversity of our retail operating portfolio by region and by type of property based on GLA:

Our shopping centers are well located within strong retail districts in densely populated areas. They have high quality anchors and shadow anchors that consistently drive traffic to our centers and make them more attractive to other potential tenants. Consistent with our entire retail operating portfolio, our shopping centers are also generally recently constructed, which makes them more appealing to shoppers and potential tenants and reduces redevelopment and renovation costs.

As of September 30, 2011, 66.1% of our shopping centers, based on annualized base rent, were located in the 50 largest MSAs. These shopping centers are positioned in highly attractive markets with favorable demographics, including a weighted average population of 92,939, expected population growth of 7.4% per year and household income of approximately $83,412 within a three-mile radius, based on information derived and interpreted by us as a result of our own analysis from data provided by The Nielsen Company. We believe that growing populations and relatively high household incomes in our markets will increase demand for goods and services sold by our tenants. In addition, as of September 30, 2011, these shopping centers were 86.0% leased with average annualized base rent of $15.05 per leased square foot.

We believe our shopping centers located in markets outside of the 50 largest MSAs are among the most attractive shopping centers in each of the markets in which they are located based on location, age and overall quality. As of September 30, 2011, approximately 89.1% of these shopping centers, based on annualized base rent, are anchored or shadow anchored by either Best Buy (13 locations), Target (11 locations), Home Depot (ten locations), Kohl s (ten locations), Wal-Mart (five locations), Lowe s (three locations), or a national or regional grocer, such as Publix (nine locations), Stop & Shop (three locations), Kroger (four locations) and Giant Foods (one locations). As of September 30, 2011, these shopping centers were 90.5% leased with average annualized base rent of $12.36 per leased square foot.

Diversified Base of Value-Oriented Retail Tenants

Our retail portfolio has a broad and highly diversified tenant base that primarily consists of grocers, drug stores, discount retailers and other retailers that provide basic household goods or services. As of September 30, 2011, our total retail tenant base included approximately 1,500 tenants with over 3,100 leases at our retail properties, and our largest shopping center tenants include Best Buy, TJX Companies, Stop & Shop, Bed Bath & Beyond, Home Depot, PetSmart, Ross Dress for Less, Kohl s, Wal-Mart and Publix. As of September 30, 2011, no single retail tenant represented more than 3.3% of our retail annualized base rent, and our top 20 retail tenants, with 398 locations across our portfolio, represented an aggregate of 37.2% of our retail annualized base rent. Additionally, the financial strength of our tenants enhances the quality of our retail portfolio, as seven of our top ten retail tenants have investment grade credit ratings. We believe that maintaining a diversified tenant base with a value-oriented focus limits the impact of economic cycles and our exposure to any single tenant.

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The following table sets forth information regarding the 20 largest tenants in our retail operating portfolio, based on annualized base rent, as of September 30, 2011. Dollars (other than per square foot information) and square feet of GLA are presented in thousands.

Tenant(1)	Credit Ratings(2)	Number of Stores	Total GLA	Percent of Leased GLA(3)	ABR	Percent of ABR(4)	ABR Per Leased Sq. Ft.(5)	Type of Business
Best Buy(6)	BBB-/Baa2	26	1,016	3.4%	$ 13,922	3.3%	$ 13.70	Electronics
The TJX Companies, Inc.(7)	A/A3	36	1,092	3.6%	10,330	2.4%	9.46	Discount Clothing
Rite Aid Store	B-/Caa2	34	421	1.4%	10,320	2.4%	24.51	Drug Store
Stop & Shop	BBB/Baa3	10	479	1.6%	10,007	2.4%	20.90	Grocery
Home Depot	BBB+/Baa1	9	1,097	3.7%	9,137	2.2%	8.33	Home Improvement
Bed Bath & Beyond, Inc.(8)	BBB/-	26	714	2.4%	9,110	2.1%	12.75	Home Goods
Ross Dress for Less	BBB/-	31	925	3.1%	8,903	2.1%	9.63	Discount Clothing
PetSmart	BB/-	30	643	2.1%	8,629	2.0%	13.42	Pet Supplies
Kohl s	BBB+/Baa1	14	1,143	3.8%	8,071	1.9%	7.06	Discount Department Store
The Sports Authority		16	682	2.3%	7,793	1.8%	11.44	Sporting Goods
Supervalu Inc.(9)		9	505	1.7%	7,188	1.7%	14.25	Grocery
Pier 1 Imports	B/B2	37	380	1.3%	7,057	1.7%	18.55	Home Goods
Publix		16	635	2.1%	6,724	1.6%	10.59	Grocery
Edwards		2	219	0.7%	6,558	1.5%	29.92	Theatre
Dick s Sporting Goods		12	558	1.9%	6,381	1.5%	11.43	Sporting Goods
Michaels	B-/B3	24	551	1.8%	6,069	1.4%	11.01	Arts & Crafts
Office Depot		22	458	1.5%	6,050	1.4%	13.22	Office Supplies
Wal-Mart Stores, Inc.(10)	AA/Aa2	5	861	2.9%	5,876	1.4%	6.82	Discount Department Store
Gap Inc.(12)	BB+/Baa3	25	374	1.2%	5,043	1.2%	13.97	Clothing
The Kroger Co.(11)	BBB/Baa2	14	551	1.8%	4,799	1.1%	8.71	Grocery
Total		**398**	**13,304**	**44.3%**	**$ 157,967**	**37.2%**	**$ 11.87**	

(1) Excludes four office tenants, Hewitt Associates LLC, consisting of 1.2 million square feet of GLA and $15.1 million of annualized base rent, Zurich American Insurance Company, consisting of 0.9 million square feet of GLA and $10.5 million of annualized base rent, GMAC Insurance Management Corp., Consisting of 0.5 million square feet of GLA and $5.4 million of annualized base rent, and Cost Plus, Inc., consisting of 1.0 million square feet of GLA and $5.2 million of annualized base rent.
(2) The credit ratings are for the operating companies and not necessarily the entities with which we have entered into lease agreements.
(3) Represents GLA as a percentage of leased GLA in our retail operating portfolio.
(4) Represents the percentage of our retail annualized base rent as of September 30, 2011.
(5) Represents annualized base rent divided by leased GLA.
(6) Includes Best Buy (25 locations) and Pacific Sales (one location).
(7) Includes TJ Maxx (17 locations), Marshalls (16 locations), HomeGoods (three locations).
(8) Includes Bed Bath & Beyond (24 locations), the Christmas Tree Shops (one location) and Buybuy Baby (one location).
(9) Includes Jewel-Osco (two locations), Shaw s Supermarkets (two locations), Shop N Save (two locations) Shoppers Food Warehouse (two locations) and Save-A-Lot (one location).
(10) Includes Wal-Mart (four locations) and Sam s Club (one location).
(11) Includes Kroger (10 locations), Food 4 Less (one location), King Soopers Grocery Store (one location) and King Soopers Fuel Site (one location).
(12) Includes Old Navy (19 locations), The Gap (three locations) and Banana Republic (three locations).

We generally have long-term leases with our tenants. As of September 30, 2011, the weighted average lease term of our existing retail leases, based on annualized base rent, was 6.2 years, with leases constituting approximately 19.7% of our retail annualized base rent expiring before 2014. We believe the limited near-term expirations of our existing retail leases will allow us to more aggressively pursue leasing of space that is currently vacant and provide for more stable cash flows from operations.

Demonstrated Leasing and Property Management Platform

We believe that our national leasing platform overseen by our focused executive team dedicated to leasing provides us with a distinct competitive advantage. Our executive team applies a hands-on approach and capitalizes upon a network of relationships to aggressively lease-up vacant space, maintain high tenant retention rates and creatively address the needs of our retail properties. In addition, our leasing department and asset

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managers maintain an active dialogue with local, regional and national retailers, as well as the retail brokerage community. We believe our national footprint provides greater access to national and large regional grocers and retailers than our smaller competitors.

Since the beginning of 2009, we have demonstrated our leasing capabilities through our success in addressing vacant space in our portfolio created by three large tenant bankruptcies in 2008. Due to the bankruptcy of Mervyns, our largest tenant at the time, in July 2008, Linens n Things in May 2008 and Circuit City in November 2008, approximately 3.2 million square feet of GLA became available in our retail operating portfolio. Primarily as a result of these vacancies, the percentage of our retail operating portfolio that was leased decreased from 96.8% as of December 31, 2007. In the case of each of these bankruptcy filings, we immediately began assessing which spaces were likely to be vacated as a result of the bankruptcy evaluating the expansion needs of our existing tenants in order to be prepared to lease space in locations that we expected Mervyns, Circuit City and Linens n Things to vacate. As a result, as of September 30, 2011, we have been able to lease approximately 2.1 million square feet of this vacant space, primarily to existing tenants, including four locations to Kohl s aggregating 294,000 square feet, four locations to Hobby Lobby aggregating 280,000 square feet, four locations to Burlington Coat Factory aggregating 309,000 square feet, four locations to TJX Companies aggregating 111,000 square feet, four locations to Best Buy aggregating 138,000 square feet, four locations to HH Gregg aggregating 128,000 square feet and four locations to BigLots aggregating 112,000 square feet. We also sold two former Mervyns locations aggregating approximately 154,000 square feet to institutional buyers after re-leasing the space or obtaining a letter of intent from a national retailer for an aggregate combined sale price of approximately $24.5 million, or an average of $158 per square foot. In addition, as of September 30, 2011, we had under letter of intent or were in active negotiations for 31.3% of the remaining 944,000 square feet of this GLA. In total, we have leased, sold or are in negotiations for 2.6 million square feet, or 81.2%, of the 3.2 million square feet of GLA that was vacated as a result of these bankruptcies.

As a large, national owner of retail properties, we believe that we offer national and large regional grocers and retailers a greater level of service and credibility with respect to property management than our smaller competitors. We believe that tenants value our commitment to consistently maintain the high standards of our retail properties through our in-house handling of property management and day-to-day operational functions, which has translated into tenant retention rates of approximately 75%, based on expiring GLA, since the beginning of 2009. In this very challenging leasing environment, we renewed approximately 964 leases for a total of 4.7 million square feet of GLA, based on our retail operating portfolio at September 30, 2011, at aggregate base rental rates that reflected comparatively small decreases from the base rental rates of the expiring leases.

Capital Structure Positioned for Growth

Upon completion of this offering, our aggregate indebtedness will consist primarily of fixed rate debt, which will have staggered maturities and a weighted average maturity of approximately   years based on balances as of September 30, 2011, as adjusted for our recently amended and restated credit agreement and the completion of this offering and the application of proceeds from both. We will have less than $ million of debt maturing in any one year and a weighted average interest rate of   % per annum. We also will have a conservative leverage structure, with a ratio of total net debt as of September 30, 2011, as adjusted, to Adjusted EBITDA for the 12 months ended September 30, 2011 of   .

The majority of our indebtedness is property specific, non-recourse, mortgage debt. The recent amendment and restatement of our credit agreement for our existing line of credit provides for a senior secured credit facility in the aggregate amount of $585.0 million, consisting of a $435.0 million senior secured revolving line of credit and a $150.0 million secured term loan from a number of financial institutions, including affiliates of certain of the underwriters of this offering. Upon completion of this offering, our senior secured revolving line of credit will be undrawn and have approximately two years remaining until the initial maturity, with a one-year extension option subject to certain conditions. As a result, we will be able to utilize this line of credit to fund tenant

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improvements, acquisitions, development activities, general corporate matters and working capital. Overall, we believe our capital structure will provide us with significant financial flexibility to fund future growth.

Experienced Management Team with a Proven Track Record

Our senior management team has on average over 23 years of real estate industry experience through several real estate, credit and retail cycles. They have worked together for the past five years and have proven themselves by successfully managing our large, geographically diverse portfolio through the severe economic recession that began in December 2007. Since the beginning of 2009, without accessing the public equity markets, we refinanced or repaid $3.2 billion of indebtedness, greater than 68% of our total indebtedness at the beginning of 2009, in severely constrained credit markets and in the process reduced our total indebtedness by over $1.1 billion. Our senior management team also has significant transactional experience, having acquired, disposed of, contributed to joint ventures and developed billions of dollars of real estate throughout their careers. We believe that our senior management team s property management, leasing and operating expertise, combined with their acquisition and financing experience, provide us with a distinct competitive advantage.

Business and Growth Strategies

Our primary objective is to provide attractive risk-adjusted returns for our shareholders by increasing our cash flow from operations and realizing long-term growth strategies. The strategies we intend to execute to achieve this objective include:

Maximize Cash Flow Through Internal Growth

We believe that we will be able to generate cash flow growth through the leasing of vacant space in our retail operating portfolio. As of September 30, 2011, our retail operating portfolio was 88.6% leased including leases signed but not commenced, and had 4.0 million square feet of available space, including a significant amount of space that was previously occupied by big box anchor and junior anchor tenants and is located at properties that do not have one of our top 20 tenants. As of September 30, 2011, we had approximately 820,000 square feet of GLA of signed leases that had not commenced, representing a total of approximately $9.7 million of annualized base rent that will increase our future cash flows. We believe the leasing of this vacant space provides a significant growth opportunity for our shareholders.

A major component of our leasing strategy is to pursue leasing opportunities with our existing tenants. We cultivate our existing tenant relationships through regular portfolio reviews, store concept updates, streamlining site selection and meeting critical retailer shopping event needs. For example, we meet with senior executives at each of our top 25 tenants on an annual or more frequent basis in order to perform portfolio reviews. During these reviews, we are able to actively review the growth plans of these tenants, which enables us to more strategically manage the leasing and repositioning of our retail portfolio as a whole. We utilize these reviews and our relationships with our existing tenants to generate leasing opportunities as these tenants seek to expand or relocate. For example, several of our national retail tenants have announced expansion plans (net of store closings) over the next few years, as outlined in the table below.

Tenant	Rank(1)	Number of Locations(2)	Announced U.S. Expansion Plans
Best Buy	1	26	6-8 new stores in fiscal 2012(3)
The TJX Companies	2	36	64 new stores in fiscal 2012(4)
Bed Bath & Beyond, Inc.	6	26	40 new stores in 2011
Ross Dress for Less	7	31	80 new stores in 2011
PetSmart	8	30	45-50 net new stores in 2011
Kohl s	9	14	40 new stores in 2011
Publix	13	16	26 new stores in 2011
Dick s Sporting Goods	15	12	34 new stores in 2011
Michaels	16	24	20-30 net new stores in fiscal 2011
Wal-Mart Stores, Inc.	18	5	185-205 new stores in fiscal year 2012(4)

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(1) Rank in our retail portfolio based on retail annualized base rent as of September 30, 2011.
(2) Represents number of stores in our retail portfolio.
(3) Fiscal 2012 represents March 1, 2011 February 28, 2012.
(4) Fiscal 2012 represents February 1, 2011 January 31, 2012.

In addition, the leases we sign are often structured with contractual rent increases. As of September 30, 2011, 42.1% of the leases in our retail operating portfolio, based on annualized base rent, contained contractual rent increases. The average annualized fixed percentage increase in contractual base rent for these leases, based on the difference between the base rent as of September 30, 2011 and the base rent at the time of expiration, was 1.9%.

Asset Preservation and Appreciation through Creative Transactions

We actively manage our portfolio focusing primarily on leasing opportunities, while also taking into account redevelopment, expansion and remerchandising opportunities. In pursuing these opportunities, we focus on increasing operating income and cash flows, active risk mitigation and tenant retention. Additional value enhancing strategies include cost reductions, long-term capital planning and asset sustainability initiatives. Examples of past projects where we executed these strategies include:

Azalea Square: Azalea Square is a 272,000 square foot power center located in Summerville, South Carolina. The major tenants in this shopping center include Dick s Sporting Goods, Ross Dress for Less, Best Buy, PetSmart and TJ Maxx. In addition, Target and Kohl s are shadow anchors at the center. At September 30, 2008, the shopping center had an occupancy rate of 100% with Linens n Things leasing 25,400 square feet for $10.75 per square foot. In December 2008, the Linens n Things lease was terminated in connection with its bankruptcy. In response, in June 2009, we divided the former Linens n Things space and leased 10,350 square feet to Ulta Cosmetics for ten years at a starting rent of $17.00 per square foot and 12,400 square feet to Party City for ten years at a starting rent of $10.40 per square foot, which resulted in an 11.7% increase in annualized base rent for the space. Following the re-leasing of the Linens n Things space, the center is again fully occupied.

Tollgate Marketplace: Tollgate Marketplace is a 393,000 square foot power center located in Bel Air, Maryland. The major tenants in this shopping center include Staples, JoAnn Fabrics, Michaels, Toys R Us and TJ Maxx. At December 31, 2008, the shopping center had an occupancy rate of 99.6% with Circuit City leasing 33,800 square feet and Giant Foods leasing 40,400 square feet. In March 2009, Circuit City s lease was terminated due to its bankruptcy, at which time Circuit City was paying rent of $12.70 per square foot. In addition, in March 2010, Giant Foods lease expired and was not renewed. Giant Foods was paying rent of $4.36 per square foot at the time its lease expired. In December 2009, we leased the former Circuit City space to HH Gregg, which was a new relationship at the time, for a term of ten years with starting rent of $10.50 per square foot. Since the signing of this lease, we have completed three additional leases with HH Gregg, all in spaces formerly occupied by Circuit City or Linens n Things. In addition, in early 2009, as a result of our local presence, we became aware that a Wal-Mart Supercenter would be moving into the market, and therefore began marketing the center to our non-grocery retail partners. As a result of this marketing effort, in December 2010, Ashley Furniture, an existing tenant that was leasing space at three of our other properties, signed a ten-year lease for the former Giant Foods space that will commence during the third quarter of 2011 with a starting rent of $9.00 per square foot. Once this new lease commences, the center will again be 99.6% occupied and the annualized base rent from the space vacated by Circuit City and Giant Foods will have increased by 17.3%.

Recycle Capital Through Disposition of Non-Core Assets

We plan to pursue opportunistic dispositions of the non-retail properties and free-standing, triple net retail properties in our operating portfolio in order redeploy capital to continue to build our interest in well located, high quality shopping centers. In addition to our retail operating portfolio, as of September 30, 2011, we held interests in 15 other operating properties, including 12 office properties and three industrial properties, which had

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a total of 4.7 million square feet of GLA and represent 9.7% of our total operating portfolio based on annualized base rent. We believe that the disposition of these non-retail properties, along with select triple net retail properties, will serve as a source of capital for the growth of our retail portfolio.

As we have in the past, we intend to take advantage of opportunities that may arise to sell assets in our portfolio. Since the end of 2007 through September 30, 2011, we sold 26 properties for an aggregate sales price of $824.2 million, including $509.5 million of debt that was assumed, forgiven or repaid. During this time, we reduced the GLA of our non-retail properties and single-user retail properties by 43.1%. We plan to continue to pursue strategic dispositions to continue to focus our portfolio on well located, high quality shopping centers. An example of a past disposition where we executed on this strategy is as follows:

American Express. We acquired eight office buildings occupied by American Express in a sale/leaseback transaction in December 2004 at a 6.5% capitalization rate, with the intention of adding another investment grade tenant to the portfolio. As our overall strategy and portfolio began to take shape, we decided to opportunistically market the assets for sale in June 2007 in order to replace these non-core office buildings with multi-tenant retail properties. Ultimately, in 2007, we sold four of these buildings for an aggregate sales price of $270.8 million, including the assumption of $150.5 million of debt, which equated to a 6.1% capitalization rate or a $19.6 million gain on sale.

Pursue Acquisitions of High Quality Retail Properties

We intend to pursue disciplined and targeted acquisitions of retail properties that meet our retail property and market selection criteria and will further our strategy of focusing on well located, high quality shopping centers. Utilizing our senior management team s expertise, we intend to opportunistically acquire retail properties based on identified market and property characteristics, including: property classification, anchor tenant type, lease terms, geographic markets and demographics. We believe that the high level of diversification of our tenant base limits our exposure to any single tenant and allows us to take advantage of growth opportunities through the expansion of our existing relationships without significantly increasing our exposure to any single tenant. We believe that over the next several years the continued impact of the recent disruption in the real estate market will create opportunities to acquire retail properties that meet our investment criteria from owners facing operational and financial stress. Based on our operational expertise and capital resources, we believe that we are well positioned to take advantage of opportunities to acquire retail properties. We plan to pursue acquisitions directly and through joint ventures. We have proven our ability to acquire retail properties creatively, for example:

Southlake Town Square, Southlake, Texas: We acquired this 841,000 square foot shopping center in the northwest suburbs of Dallas in phases over a four year period, in off market transactions. We consider this shopping center to be one of the premier lifestyle centers in the United States. This shopping center features restaurants, offices, a first run movie theater, a Southlake Hilton Hotel, townhomes, city/county town hall and library, post office and a wide variety of first class retailers such as Brooks Brothers, Banana Republic and Williams Sonoma.

We acquired the initial three phases, totaling 472,000 square feet of GLA, in 2004, for an initial investment of approximately $143 million. As part of the transaction, and to ensure we maintained control of this premier expanding asset, we approached the developer as a lender and agreed to fund up to $93 million of construction loans to be used to construct the fourth phase consisting of an additional 311,000 square feet of retail space. The loans were secured and provided us, as lender, with approval rights over construction and leasing, among other things, as well as immediate cash flow. This phase was completed in early 2007, and was purchased by us for approximately $89 million in May 2007, including $80 million that we had previously funded under the construction loan. We purchased two final phases, comprised of approximately 35,000 square feet of retail space and 23,000 square feet of office space, in 2008 for $22 million, which resulted in a total investment in the property of $254 million. Net operating income for the property for 2009 was in excess of $17.6 million, representing a 7.0% annual return on our total purchase price for the property.

The property has strong demographics and is well located between Dallas and Fort Worth. The retail portion of the center is over 85.4% leased as of September 30, 2011, with several leases in negotiation.

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Pursue Strategic Joint Ventures to Leverage Management Platform

We intend to leverage our leasing and property management platform through the strategic formation, capitalization and management of joint ventures. In the past, we have partnered with strong institutional capital providers to supplement our capital base in a manner accretive to our shareholders. Based on our operational expertise in the retail real estate space, we believe that we are well positioned to continue to strategically pursue additional joint ventures with high quality capital partners. Additionally, from time to time we may form partnerships with regional developers that allow us to maximize returns on completed developments and access strategic local markets.

In April 2007, we formed a strategic joint venture with a large state pension fund that currently owns seven retail properties, which we contributed to the venture. During 2010, we formed a joint venture with a wholly-owned affiliate of RioCan and, under the terms of the joint venture agreement, contributed eight shopping centers located in Texas to the joint venture. In total, we have contributed 15 retail properties valued at $606.7 million to these joint ventures. In connection with these contributions, these joint ventures have assumed a total of $345.7 million of debt and we have received cash proceeds of $138.6 million and retained a 20% interest in each joint venture. The use of the joint venture allows us to recycle capital and leverage our own equity capital when pursuing acquisitions, while also generating property management, asset management and other fees from the joint venture. We believe that our existing relationships and our proven ability to manage retail real estate for our joint ventures will facilitate our ability to utilize joint ventures with institutional investors in the future.

Maintain Our Development Activity at Sustainable Levels

We entered into joint venture arrangements with certain developers prior to the recession. Since our inception, we have invested $185.6 million of equity into nine development joint ventures. As of September 30, 2011, we had approximately 0.5 million square feet of GLA of retail space under development, including space developed for shadow anchors, through three consolidated development joint ventures and one unconsolidated development joint venture, of which 0.4 million square feet had already been constructed. Approximately 89.5% of the GLA of these retail development properties that has been constructed was leased as of September 30, 2011, representing $1.0 million of annualized base rent. As of September 30, 2011, we did not have any significant active construction ongoing at our development properties, and, currently, we only intend to develop the remaining estimated total GLA to the extent that we have pre-leased the space to be developed. We expect to stabilize these properties between 2013 and 2014, which will provide further opportunities for growth. We currently do not have plans for any new developments. It remains our philosophy to only develop what we intend to own on a long term basis and we intend to resume development when such opportunities become attractive. An example of one of our completed developments is as follows:

Midtown Center: In January 2005, we purchased this urban, in-fill community center, which is anchored by Wal-Mart, Marshalls, Office Depot and Pick n Save, for $53.0 million with the intent of fully building out the existing entitlements through our retail tenant relationships. At closing, the surrounding land acquired with the asset was fully zoned and could accommodate the additional development of up to 110,000 square feet of commercial space. Before beginning the expansion at the center, we approached the City of Milwaukee to explore partnership opportunities in our redevelopment plans and we were awarded a $600,000 low interest loan, as the expansion would add jobs to the surrounding community. The expansion was completed in two phases starting with a ground breaking in May 2006. The first phase was completed in late fall of 2006, consisting of 25,000 square feet, and was 94% pre-leased to Anna s Linens and Barefoot Shoes to minimize development risk. The second phase broke ground in the spring of 2007, was completed in early 2008 and features a blend of regional and national tenants including Fashion Bug, Casual Male, Simply Fashion and Office Depot s first location in the City of Milwaukee. To date, the total cost of the additional 86,000 square feet of constructed space is $9.3 million and the aggregate net operating income has increased from $3.4 million in 2008 to $4.2 million in 2010.

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Our Properties

Portfolio Summary

The following table summarizes the number, total GLA, percentage leased and annualized base rent as of September 30, 2011, of the operating properties included in our portfolio and the operating properties held by our unconsolidated joint ventures. Dollars (other than per square foot information) and square feet of GLA are presented in thousands in the table.

Property Type/Region/State	Number of Properties	GLA	Percent of Total GLA(1)	Percentage Leased(2)	ABR (3) (4)	Percent of ABR(1)	ABR Per Leased Sq. Ft. (5)
Consolidated:							
Retail:							
Northeast:							
Connecticut	5	450	1.3%	90.7%	$ 7,401	1.7%	$ 18.20
Massachusetts	5	1,183	3.4%	89.4%	12,088	2.8%	11.43
Maryland	8	2,300	6.6%	86.7%	32,400	7.6%	16.25
Maine	2	423	1.2%	94.7%	4,064	1.0%	10.15
New Jersey	3	449	1.3%	92.7%	4,747	1.1%	11.41
New York	31	1,508	4.3%	98.3%	23,685	5.6%	15.97
Pennsylvania	12	1,335	3.8%	91.8%	15,658	3.7%	12.77
Rhode Island	3	269	0.8%	84.6%	3,298	0.8%	14.49
Virginia	2	386	1.1%	96.0%	7,307	1.7%	19.69
Vermont	1	485	1.4%	88.1%	7,498	1.8%	17.55
Subtotal	72	8,788	25.2%	91.1%	$ 118,146	27.8%	$ 14.75
Texas	49	6,957	20.0%	85.8%	$ 92,779	21.8%	$ 15.54
West:							
Arizona	6	981	2.8%	68.4%	$ 11,061	2.6%	$ 16.48
California	31	2,968	8.5%	63.9%	28,716	6.8%	15.13
Colorado	2	479	1.4%	89.0%	4,543	1.1%	10.66
Montana	1	162	0.5%	87.7%	1,628	0.4%	11.47
New Mexico	1	224	0.6%	89.1%	2,944	0.7%	14.74
Nevada	2	384	1.1%	93.0%	6,110	1.4%	17.11
Utah	2	720	2.1%	91.2%	11,772	2.7%	17.93
Washington	4	1,376	3.9%	82.0%	13,680	3.2%	12.12
Subtotal	49	7,294	20.9%	75.1%	$ 80,454	18.9%	$ 14.68
Southeast:							
Alabama	6	372	1.1%	78.8%	$ 4,175	1.0%	$ 14.27
Florida	14	1,578	4.5%	86.2%	19,972	4.7%	14.68
Georgia	13	1,817	5.3%	92.8%	19,374	4.5%	11.48
North Carolina	4	741	2.1%	98.9%	7,224	1.7%	9.86
South Carolina	12	1,271	3.6%	94.0%	13,808	3.3%	11.56
Tennessee	7	712	2.0%	92.0%	7,559	1.8%	11.54
Subtotal	56	6,491	18.6%	91.2%	$ 72,112	17.0%	$ 12.18

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Property Type/Region/State	Number of Properties	GLA	Percent of Total GLA(1)	Percentage Leased(2)	ABR (3) (4)	Percent of ABR(1)	ABR Per Leased Sq. Ft. (5)
Midwest:							
Iowa	1	134	0.4%	93.2%	1,554	0.4%	12.42
Illinois	6	999	2.9%	85.3%	14,805	3.5%	17.38
Indiana	4	653	1.9%	95.1%	5,673	1.3%	9.13
Kansas	1	236	0.7%	95.8%	2,160	0.5%	9.54
Louisiana	3	311	0.9%	93.5%	3,336	0.8%	11.46
Michigan	2	467	1.3%	94.0%	7,677	1.8%	17.49
Missouri	5	812	2.3%	80.5%	7,134	1.7%	10.91
Ohio	7	1,106	3.2%	79.8%	11,609	2.7%	13.16
Oklahoma	6	164	0.5%	100.0%	2,358	0.6%	14.40
Wisconsin	2	423	1.2%	94.3%	4,958	1.2%	12.44
Subtotal	37	5,305	15.3%	87.7%	$ 61,264	14.5%	$ 13.17
Total Retail(6) (7)	263	34,835	100.0%	86.2%	$ 424,755	100.0%	$ 14.14
Total Retail including leases signed but not commenced(8)	263	34,835		88.6%	$ 434,415		$ 14.08
Office	12	3,335		96.5%	$ 38,975		$ 12.11
Industrial	3	1,323		100.0%	6,844		5.17
Total Office and Industrial	15	4,658		97.5%	$ 45,819		$ 10.09
Total Consolidated Operating Portfolio	278	39,493		87.5%	$ 470,574		$ 13.61
Total Unconsolidated Operating Properties(9)	22	3,588		93.1%	$ 49,793		$ 14.90

(1) Percentages are only provided for our retail operating portfolio.

(2) Except as otherwise noted, based on leases commenced as of September 30, 2011, and calculated as leased GLA divided by total GLA.

(3) Excludes $1.0 million of annualized base rent from our consolidated development properties. Rental abatements for leases commenced as of September 30, 2011, which are excluded, were $0.3 million for our retail operating portfolio for the 12 months ending September 30, 2012. Annualized base rent does not reflect scheduled lease expirations for the 12 months ending September 30, 2012. The portion of the annualized base rent of our total operating portfolio attributable to leases scheduled to expire during the 12 months ending September 30, 2012, including month-to-month leases, is approximately $27.8 million.

(4) As of September 30, 2011, we had 17 properties that we did not have title to but held, either partially or completely, pursuant to ground leases, which expire from 2018 to 2105. For three of the 17 properties we have an option to purchase the property subject to the ground lease by providing written notice before a specified date or, for one ground lease, any time during the term of the lease. As of September 30, 2011, the annualized base rent due from us under these ground leases was $6.2 million.

(5) Represents annualized base rent divided by leased GLA.

(6) Occasionally our leases contain provisions giving the tenant rights to purchase the property, which can take the form of a fixed price purchase option, a fair market value option or a put option, which requires us to either put the property to the tenant or accept a significant reduction in rent. The following chart summarizes such rights as of September 30, 2011 (GLA and annualized base rent in thousands):

	Number of Leases	GLA	ABR
Fixed Price Purchase Options	2	236	$ 3,013
Fair Market Value Options	1	7	$ 91
Put Option	2	257	$ 1,519

In addition, certain of our leases contain provisions granting the tenant a right of first offer or right of first refusal in the event that we want to dispose of the property.

(7) Includes 55 properties with 6.5 million square feet of GLA representing $83.9 million of annualized base rent held in one joint venture in which we have a 77% interest and includes a portion of one property with 0.3 million square feet of GLA representing $6.4 million of annualized base rent held in one joint venture in which we have a 95% interest. Regarding the 55 properties held in the joint venture in which we have a 77% interest, we currently anticipate using a portion of the net proceeds from this offering to exercise our option to repurchase the 23% interest held by others. As a result, following this offering we anticipate that we will own 100% of those properties. Excludes 2 non-stabilized operating properties.

(8) Includes leases signed but not commenced as of September 30, 2011 for approximately 820,000 square feet of GLA representing $9.7 million of annualized base rent as of lease commencement.

(9) Includes 18 properties with 3.4 million square feet of GLA representing $48.2 million of annualized base rent held in two separate joint ventures in which we have a 20% interest and four properties with 0.2 million square feet of GLA representing $1.5 million of annualized base rent held in one joint venture in which we have a 95.8% interest.

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Top 25 Properties

The following table provides summary information as of September 30, 2011 regarding the 25 largest properties, based on our annualized base rent as of September 30, 2011, in our retail operating portfolio. Except as noted below, all properties described below are wholly-owned by us. Dollars (other than per square foot information) and square feet of GLA are presented in thousands in the table.

Property Name/Location	Year Built/ Renovated(1)	Metropolitan Statistical Area	GLA	Percent Leased(2)	ABR	ABR per Leased Sq. Ft.(3)	Anchors (Shadow Anchors)
Southlake Town Square/ Southlake, TX(4)	2004	Dallas-Fort Worth-Arlington	841	83.3%	$ 19,642	$ 23.36	The Cheesecake Factory, Barnes & Noble, Harkins Theatres, Apple Store, Brooks Brothers, Container Store
Gateway/ Salt Lake City, UT	2003	Salt Lake City	625	92.3%	10,544	16.86	Barnes & Noble, Urban Outfitters, Abercrombie, Dick s Sporting Goods, Gateway Theatres
Boulevard at The Capital Ctr/ Largo, MD	2004	Washington-Arlington-Alexandria	486	87.0%	9,043	18.62	DSW, HH Gregg, Magic Johnson Theaters, Sports Authority
The Shops at Legacy/ Plano, TX	2004	Dallas-Fort Worth-Arlington	391	84.7%	8,420	21.53	Bob s Steak & Chop House, Jasper s Restaurant, Sambuca 360, Urban Outfitters, Angelika Film Center
Reisterstown Road Plaza/ Baltimore, MD	2004	Baltimore-Towson	797	82.5%	7,929	9.95	Burlington Coat Factory, Giant Foods, Home Depot, Marshalls
Maple Tree Place/ Williston, VT	2005	N/A	485	88.1%	7,498	15.46	Best Buy, Christmas Tree Shops, Dick s Sporting Goods, Majestic Cinema, Shaw s Supermarkets, Staples
Eastwood Towne Center/ Lansing, MI	2002	N/A	332	91.6%	6,304	18.98	Dick s Sporting Goods, DSW, Pottery Barn, J. Crew, P.F. Chang s, (Wal-Mart, Sam s Club)
Central Texas Marketplace/ Waco, TX	2004	N/A	526	93.1%	5,582	10.61	Bed Bath & Beyond, Belks, Kohl s, Marshalls, Ross Dress for Less, Sports Authority
Brickyard/ Chicago, IL	2004	Chicago-Naperville-Joliet	261	95.8%	5,365	20.53	Jewel-Osco, Marshalls, Pier 1, Lowe s, Target
Lincoln Plaza/ Worcester, MA	2004	N/A	536	90.2%	5,132	9.57	Target, Lowe s, Dick s Sporting Goods, Stop & Shop, Barnes & Noble
Tollgate Marketplace/ Bel Air, MD	1994	Baltimore-Towson	393	86.3%	5,056	12.88	Barnes & Noble, HH Gregg, JoAnn Fabrics, Michaels, TJ Maxx, Toys R Us
Jefferson Commons/ Newport News, VA	2005	Virginia Beach-Norfolk-Newport	306	95.0%	5,026	16.41	Trader Joe s, Ross Dress for Less, TJ Maxx, Ulta, Petco, (Kohl s)
Henry Town Center/ McDonough, GA	2002	Atlanta-Sandy Springs-Marietta	444	100.0%	4,961	11.17	Belks, Bed Bath & Beyond, Marshalls, Michaels, Ross Dress for Less, Staples, (Super Target, Home Depot)

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Property Name/Location	Year Built/ Renovated[(1)]	Metropolitan Statistical Area	GLA	Percent Leased[(2)]	ABR	ABR per Leased Sq. Ft.[(3)]	Anchors (Shadow Anchors)
Fullerton MetroCenter/ Fullerton, CA[(5)]	1988	Los Angeles-Long Beach-Santa Ana	253	89.5%	4,890	19.30	Sports Authority, Henry s PetSmart, (Target)
Denton Town Crossing/ Denton TX[(5)]	2003	Dallas-Fort Worth-Arlington	339	96.1%	4,723	13.94	(Kroger), Best Buy, TJ Maxx, Bed Bath & Beyond, Michaels, Sports Authority
Lakewood Towne Center/ Lakewood, WA	2003	Seattle-Tacoma-Bellevue	579	68.6%	4,704	18.13	Bed Bath & Beyond, Burlington Coat Factory, Michaels, Ross Dress for Less, 24 Hour Fitness, Barnes & Noble, AMC, (Target)
Midtown Center/ Milwaukee, WI	1987	Milwaukee-Waukesha-West Allis	409	94.1%	4,638	11.35	Marshalls, Office Depot, Pick n Save, Wal-Mart
Gateway Plaza/ Southlake, TX	2000	Dallas-Fort Worth-Arlington	365	95.1%	4,494	12.32	Bed Bath & Beyond, Kohl s, Michael s, Old Navy, TJ Maxx, Ulta
The Market at Polaris/ Columbus, OH	2005	Columbus	209	96.0%	4,302	20.63	Rave Theatres, Dick s Sporting Goods, Bed Bath & Beyond, PetSmart
Newnan Crossing/ Newnan, GA	2002	Atlanta-Sandy Springs-Marietta	416	94.9%	4,226	10.15	Ashley Furniture, Babies R Us, BJ s Wholesale Club, HH Gregg, Old Navy, TJ Maxx, (Target)
Shops at 5/ Plymouth, MA	2005	Boston-Cambridge-Quincy	422	91.9%	4,004	9.50	BJ s Wholesale Club, Kohl s, PetSmart, Sports Authority, TJ Maxx
Northpointe Plaza/ Spokane, WA[(5)]	1993	N/A	378	91.3%	3,938	10.42	Safeway, Big Lots, Best Buy, TJ Maxx, Sports Authority, Staples, (Target)
Gateway Village/ Annapolis, MD	1996	Baltimore-Towson	274	95.9%	3,849	14.04	Best Buy, Burlington Coat Factory, PetSmart, Safeway, Staples
Gateway Pavilions/ Arondale, AZ[(5)]	2004	Phoenix-Mesa-Scottsdale	302	77.4%	3,841	12.73	Harkins Theatres, Marshalls, Sports Authority, (Costco)
La Plaza Del Norte/ San Antonio, TX	1999	San Antonio, TX	320	84.6%	3,678	11.49	Sports Authority, Best Buy, Ross Dress For Less, DSW

(1) Represents the year in which the property was built, based on the completion date, or, if applicable, the year in which the most recent major renovation of the property was completed.
(2) Based on leases commenced as of September 30, 2011, and calculated as leased GLA divided by total GLA.
(3) Represents annualized base rent divided by leased GLA.
(4) Approximately 311,000 square feet of GLA of this property is held in one joint venture in which we have a 95% interest. GLA includes 23,000 square feet of office space.
(5) This property is held in one joint venture in which we have a 77% interest. We currently anticipate using the net proceeds from this offering to exercise our right to repurchase the 23% interest held by others. As a result, following this offering we anticipate that we will own 100% of this property.

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Properties Under Development

The following table provides summary information regarding our consolidated and unconsolidated properties under development as of September 30, 2011. As of September 30, 2011, we did not have significant active construction ongoing at our development properties, and, currently, we only intend to develop the remaining estimated total GLA to the extent that we have pre-leased the space to be developed. As of September 30, 2011, we did not have any such space pre-leased and, accordingly, have no present plans for the development of the remaining estimated total GLA. As of September 30, 2011, the annualized base rent from the portion of our development properties with respect to which construction has been completed was $1.0 million. Dollars and square feet of GLA are presented in thousands in the table.

Development Properties/Location	Estimated Stabilization Date(1)	Percent Owned	Current GLA(2)(3)	Percent Leased(3)(4)	Estimated Total GLA(3)	Carrying Value(5)	Construction Loan Balance
Consolidated:							
Green Valley Crossing/ Henderson, NV	2014	50.0%	183	98.2%	272	$ 27,114	$ 11,350
Bellevue Mall/ Nashville, TN(6)		100.0%				26,448	
South Billings Center/ Billings, MT(6)(7)		100.0%	215	100.0%	215	4,763	
Unconsolidated:							
Hampton Retail Colorado (two properties)/ Denver, CO(8)(9)	2013	95.8%	43		43	2,450	2,631
Total			441	89.5%	530	$ 60,775	$ 13,981

(1) Estimated stabilization date represents the date by which we currently estimate that leases with respect to 90% of the estimated total GLA will have commenced.
(2) Represents GLA with respect to which construction had been completed as of September 30, 2011.
(3) Includes space developed for shadow anchors.
(4) Represents the percentage of current GLA with respect to which leases had commenced as of September 30, 2011.
(5) Represents the carrying value of each property as of September 30, 2011, which was the total investment less accumulated depreciation through September 30, 2011.
(6) South Billings Center is entitled for an estimated total GLA of 404,800 square feet and Bellevue Mall is entitled for an estimated total GLA of 1,015,000 square feet. Currently, we are evaluating numerous options to maximize the development of each asset.
(7) On September 30, 2011, we paid our partner $300,000 to simultaneously settle the outstanding development fee liability and fully redeem our partner s ownership interest.
(8) Represents the carrying value of the one property under development held by the joint venture, which was the total investment less accumulated depreciation through September 30, 2011. There is an additional $17.9 million of carrying value related to four operational properties held by the joint venture.
(9) The construction loan balance is only the portion related to one property under development held by the joint venture. There is an additional $16.2 million construction loan related to four operational properties held by the joint venture.

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Lease Expirations

The following table sets forth a summary, as of September 30, 2011, of lease expirations scheduled to occur during the remainder of 2011, each of the nine calendar years from 2012 to 2020 and thereafter, assuming no exercise of renewal options or early termination rights. The following table is based on leases commenced as of September 30, 2011 for our retail operating portfolio. Dollars (other than per square foot information) and square feet of GLA are presented in thousands in the table.

Lease Expiration Year	Number of Expiring Leases	GLA	Percent of Leased GLA	Percent of Total GLA	ABR	Percent of Total ABR	ABR per Leased Sq. Ft.(1)	ABR at Exp.(2)	ABR Per Leased Sq. Ft. at Exp.(3)
2011(4)	82	371	1.2%	1.1%	6,196	1.5%	16.71	6,204	16.73
2012	487	1,615	5.4%	4.6%	29,739	7.0%	18.42	29,848	18.49
2013	542	2,847	9.5%	8.2%	45,326	10.7%	15.93	45,922	16.14
2014	592	3,962	13.2%	11.4%	60,345	14.2%	15.23	61,062	15.41
2015	402	3,312	11.0%	9.5%	46,380	10.9%	14.00	47,604	14.37
2016	334	2,715	9.0%	7.8%	42,591	10.0%	15.68	43,761	16.12
2017	146	1,974	6.6%	5.7%	25,179	5.9%	12.75	26,758	13.55
2018	84	978	3.3%	2.8%	15,868	3.7%	16.22	17,075	17.45
2019	85	1,585	5.3%	4.6%	22,667	5.3%	14.30	24,067	15.18
2020	94	2,020	6.7%	5.8%	23,737	5.6%	11.75	25,273	12.51
Thereafter	270	8,502	28.3%	24.3%	104,304	24.6%	12.27	112,176	13.19
Month to month	59	152	0.5%	0.4%	2,423	0.6%	15.93	2,084	13.70
Leased Total	3,177	30,033	100.0%	86.2%	$ 424,755	100.0%	$ 14.14	$ 441,834	$ 14.71
Leases signed but not commenced(5)	82	820		2.4%	9,660		$ 11.79	10,209	$ 12.46
Available		3,982		11.4%					

(1) Represents annualized base rent, divided by leased GLA.
(2) Represents annualized base rent at the scheduled expiration of the lease giving effect to contractual increases in base rent.
(3) Represents annualized base rent at the scheduled expiration of the lease, giving effect to contractual increases in base rent, divided by leased GLA. Does not reflect contractual increases based on the Consumer Price Index.
(4) Excludes month-to-month leases.
(5) Represents leases signed but not commenced as of September 30, 2011.

As of September 30, 2011, the weighted average lease term of leases at our office and industrial properties, based on annualized base rent, was 6.0 years, with no expirations prior to 2014.

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Lease Distribution

The following table sets forth information relating to the distribution of leases in our retail operating portfolio, based on leases commenced as of September 30, 2011. Dollars (other than per square foot information) and square feet of GLA are presented in thousands in the table.

GLA Under Lease	Number of Leases	GLA	Percent of Leased GLA	ABR	Percent of ABR	ABR Per Leased Sq. Ft.
Ground Lease	147	2,465	8.2%	$ 22,396	5.3%	$ 9.09
2,500 or less	1,396	2,019	6.7%	50,391	11.9%	24.96
2,501 10,000	990	4,845	16.1%	102,902	24.2%	21.23
10,001 25,000	333	5,424	18.1%	79,952	18.8%	14.74
25,001 40,000	153	4,589	15.3%	48,422	11.4%	10.55
40,001 100,000	139	8,121	27.0%	96,599	22.7%	11.90
Greater than 100,000	19	2,570	8.6%	24,093	5.7%	9.38
Leased Total	3,177	30,033	100.0%	$ 424,755	100.0%	$ 14.14

Historical Leasing Activity

The following table sets forth certain historical information regarding leasing activity at the properties in our retail operating portfolio as of September 30, 2011.

	Nine Months Ended September 30, 2011	Year Ended December 31, 2010	2009	2008	2007
Expirations[(1)]					
Number of leases	312	416	641	383	292
GLA (square feet at end of period, in thousands)	2,046	1,834	2,446	1,151	961
Expiring base rent per square foot	$ 14.57	$ 15.77	$ 16.05	$ 18.06	$ 16.97
Renewals[(2) (3)]					
Number of leases	242	306	416	247	223
GLA leased (square feet at end of period, in thousands)	1,707	1,349	1,685	808	793
Expiring base rent per square foot	$ 14.85	$ 16.26	$ 16.10	$ 17.56	$ 16.81
New base rent per square foot[(4)]	$ 14.96	$ 15.55	$ 16.23	$ 18.86	$ 17.95
Renewal rate (based on GLA)	83.4%	73.6%	68.9%	70.2%	82.5%
New Leases[(5)]					
Number of leases	132	203	165	153	170
GLA leased (square feet at end of period, in thousands)	1,130	1,702	1,331	476	652
New base rent per square foot[(4)]	$ 13.27	$ 11.17	$ 12.92	$ 19.59	$ 19.59
Total New Leases and Renewals					
Number of leases	374	509	581	400	393
GLA leased (square feet at end of period, in thousands)	2,837	3,051	3,016	1,284	1,445
New base rent per square foot[(4)]	$ 14.28	$ 13.11	$ 14.77	$ 19.13	$ 18.69

(1) Excludes month-to-month leases.

(2) Includes retained tenants that have relocated or expanded into new space within our portfolio. Monthly renewals of month-to-month tenants are not included.

(3) Lease renewals are shown in the period the prior term expires.
(4) Based upon GLA of signed leases for the period presented.
(5) Does not include retained tenants that have relocated or expanded into new space within our portfolio.

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Historical Percentage Leased and Rental Rates

The following table sets forth, as of the indicated dates, the percentage leased and annualized base rent per leased square foot for the properties in our retail operating portfolio as of September 30, 2011. Square feet of GLA are presented in thousands in the table.

Date	Total GLA	Percentage Leased[(1)]	Annualized Base Rent Per Leased Square Foot[(2)]
September 30, 2011	34,835	86.2%	$ 14.14
December 31, 2010	34,742	86.5%	$ 14.07
December 31, 2009	34,699	85.2%	$ 14.18
December 31, 2008	34,609	88.3%	$ 14.25
December 31, 2007	33,721	96.8%	$ 13.86
December 31, 2006	32,315	97.8%	$ 14.63

(1) Based on leases commenced as of the date presented, and calculated as leased GLA divided by total GLA.
(2) Represents (i) annualized base rent under leases commenced as of date indicated divided by (ii) leased GLA as of the period indicated.

Tenant Improvement and Leasing Commissions

The following table sets forth certain historical information regarding tenant improvement and leasing commission costs for tenants at the properties in our retail operating portfolio as of September 30, 2011. The tenant improvement and leasing commission costs presented are based on when the expenses were incurred, which may be during different periods than when the leases were signed. Dollars and square feet of GLA are presented in thousands in the table.

	Nine Months Ended September 30, 2011	Year Ended December 31, 2010	2009	2008	2007
Total New Leases and Renewals					
Number of leases signed[(1)]	374	509	581	400	393
GLA	2,837	3,051	3,016	1,284	1,445
Leasing commission costs	$ 4,354	$ 5,431	$ 3,870	$ 3,251	$ 2,856
Tenant improvement costs	$ 12,110	$ 21,532	$ 13,267	$ 7,406	$ 5,239
Total leasing commission costs and tenant improvement costs	$ 16,464	$ 26,963	$ 17,137	$ 10,657	$ 8,095

(1) Lease renewals are shown in the period the prior term expires.

Historical Capital Expenditures

The following table sets forth certain information regarding historical recurring capital expenditures at the properties in our retail operating portfolio as of September 30, 2011. Dollars (other than per square foot information) and square feet of GLA are presented in thousands in the table.

Nine Months Ended September	Year Ended December 31, 2010	2009	2008	2007

	30, 2011				
Recurring capital expenditures	$ 3,046	$ 5,615	$ 5,119	$ 7,266	$ 3,236
GLA	34,835	34,742	34,699	34,609	33,721
Recurring capital expenditures per square foot[(1)]	$ 0.09	$ 0.16	$ 0.15	$ 0.21	$ 0.10

(1) Recurring capital expenditures for properties acquired during the period are annualized.

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Mortgages

As of September 30, 2011, we had mortgages, including those under our senior secured credit facility, secured by 269 of our consolidated operating properties and our unconsolidated joint ventures had mortgages secured by 22 operating properties. The following is a summary of these mortgages and the properties securing these mortgages as of September 30, 2011. For the mortgages secured by our consolidated operating properties, we have grouped this information together based on the year in which the mortgage is scheduled to mature. Dollars and square feet of GLA are presented in thousands in the table.

	Mortgages		Properties Securing Mortgages[1]		
Maturity Date By Year	**Outstanding Principal Amount[2]**	**Weighted Average Interest Rate[3]**	**Number of Props.**	**GLA**	**ABR[4]**
Consolidated Operating:					
2011[5]	$ 137,368	6.00%	5	1,346	16,679
2012	406,040	5.42%	33	3,846	39,955
2013	780,085	4.37%	57	10,427	113,676
2014	239,299	7.13%	18	3,146	35,166
2015	470,662	5.77%	68	4,717	61,709
Thereafter[6]	1,213,765	6.63%	88	15,476	199,808
Total-Encumbered[7]	$ 3,247,219	5.82%	269	38,958	$ 466,993
Unencumbered			9	535	3,581
Total[7]	$ 3,247,219	5.82%	278	39,493	$ 470,574
Unconsolidated Operating[8]	$ 383,278	5.22%	22	3,588	$ 49,793

(1) For nine of our consolidated operating properties, we have separate mortgages for different portions, or phases, of the property that mature in different years. For each of these properties, the portion of the total square feet of GLA of the property that is securing each mortgage (and the annualized base rent attributable to that GLA) is presented in the year in which such mortgage matures. However, for purposes of presenting the number of properties, each of these properties is only included in the property count for the year in which the mortgage with the largest principal balance matures.

(2) Maturities for each year include amortization paid. For mortgages maturing each year, the following sets forth the amount of the outstanding principal amount as of September 30, 2011 that is included as an amount maturing in a prior year in the table due to scheduled amortization:

Year	**Amount of Prior Amortization**
	(in thousands)
2012	154
2013	1,278
2014	3,724
2015	15,598
Thereafter	69,762

(3) Based on interest as of September 30, 2011 for all variable rate debt.

(4) Excludes $1.0 million of annualized base rent from our consolidated development properties. Rental abatements for leases commenced as of September 30, 2011, which are excluded, were $0.3 million for our retail operating portfolio for the 12 months ending September 30, 2012. Annualized base rent does not reflect scheduled lease expirations for the 12 months ending September 30, 2012. The portion of the

annualized base rent of our total operating portfolio attributable to leases scheduled to expire during the 12 months ending September 30, 2012, including month-to-month leases, is approximately $27.8 million.

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(5) Amount for 2011 includes $57.3 million of mortgage loans that had matured but had not been repaid as of September 30, 2011. As of December 9, 2011, $26.9 million of mortgage loans that matured in 2010 and $24.9 million that had matured in 2011 remained outstanding. Collectively, the matured mortgages are secured by a total of two properties with 788,134 square feet of GLA representing $7.0 million of annualized base rent as of September 30, 2011. We are currently in negotiations with the lenders regarding an appropriate course of action with respect to these mortgages payable.

(6) Excludes $125.0 million of debt secured by our equity interest in the IW JV, which, as of September 30, 2011, held 55 retail operating properties with 6.5 million square feet of GLA representing $83.9 million of annualized base rent. We currently anticipate using a portion of the net proceeds from this offering to exercise our option to repurchase Inland Equity s interest in IW JV, as a result of which we will own 100% of IW JV.

(7) Excludes 2 non-stabilized operating properties encumbered by construction loans with a total outstanding principal balance of $69,533 as of September 30, 2011 that mature in 2012.

(8) Includes mortgages with an aggregate principal amount of $364.4 million with a weighted average maturity date of 3.8 years owed by two separate joint ventures in which we have a 20% interest and a construction loan with a principal balance of $18.9 million with a maturity date of September 5, 2014 owed by one joint venture in which we have a 95.8% interest. The construction loan is secured by one property under development and four operating properties held by the joint venture.

Operating History

We are a Maryland corporation formed in March 2003, and we have been publicly held and subject to SEC reporting obligations since the completion of our first public offering in 2003. As of September 30, 2011, we had over 111,000 shareholders of record. We were initially sponsored by The Inland Group, Inc. and its affiliates, but we have not been affiliated with The Inland Group since the internalization of our management in November 2007.

2007 Internalization

On November 15, 2007, pursuant to an agreement and plan of merger approved by our shareholders on November 13, 2007, we acquired, through a series of mergers, four entities affiliated with our former sponsor, IREIC, which entities provided business management/advisory and property management services to us. Shareholders of the acquired entities received an aggregate of 37,500,000 shares of our common stock valued under the merger agreement at $10.00 per share. In December 2010, certain of the shareholders returned 9,000,000 shares of our common stock to us in connection with our settlement of a lawsuit relating to this acquisition. As a result of the mergers, we now perform substantially all of our key operational activities internally. In connection with the mergers, we and our former business manager/advisor and our former property managers entered into a number agreements and amendments to agreements with The Inland Group, Inc. and certain of its affiliates. See Certain Relationships and Related Transactions.

Recapitalization

Prior to the completion of this offering, we intend to complete the Recapitalization. See Recapitalization.

Regulation

General

The properties in our portfolio are subject to various laws, ordinances and regulations, including regulations relating to common areas. We believe each of the existing properties has the necessary permits and approvals to operate its business.

Americans with Disabilities Act

Our properties must comply with Title III of the ADA to the extent that such properties are public accommodations as defined by the ADA. The ADA may require removal of structural barriers to access by

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persons with disabilities in certain public areas of our properties where such removal is readily achievable. We believe the existing properties are in substantial compliance with the ADA and that we will not be required to make substantial capital expenditures to address the requirements of the ADA. However, noncompliance with the ADA could result in imposition of fines or an award of damages to private litigants. The obligation to make readily achievable accommodations is an ongoing one, and we will continue to assess our properties and to make alterations as appropriate in this respect.

Environmental Matters

Under various federal, state or local laws, ordinances and regulations, as a current or former owner or operator of real property, we may be liable for costs and damages resulting from the presence or release of hazardous substances, waste, or petroleum products at, on, in, under or from such property, including costs for investigation, remediation, natural resource damages or third party liability for personal injury or property damage. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence or release of such materials, and the liability may be joint and several. In addition, the presence of contamination or the failure to remediate contamination at our properties may adversely affect our ability to sell, redevelop, or lease such property or to borrow using the property as collateral. Environmental laws also may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which that property may be used or how businesses may be operated on that property. Some of our properties have been or may be impacted by contamination arising from current or prior uses of the property or adjacent properties for commercial or industrial purposes. Such contamination may arise from spills of petroleum or hazardous substances or releases from tanks used to store such materials. We also may be liable for the costs of remediating contamination at off-site disposal or treatment facilities when we arrange for disposal or treatment of hazardous substances at such facilities, without regard to whether we comply with environmental laws in doing so.

Independent environmental consultants have conducted Phase I Environmental Site Assessments or similar environmental audits for all our investment properties at the time they were acquired. A Phase I Environmental Site Assessment is a written report that identifies existing or potential environmental conditions associated with a particular property. These environmental site assessments generally involve a review of records and visual inspection of the property but do not include soil sampling or ground water analysis. These environmental site assessments have not revealed, nor are we aware of, any environmental liability that we believe will have a material adverse effect on our operations. These environmental site assessments have a limited scope, however, and may not reveal all potential environmental liabilities. Further, material environmental conditions may have arisen after the review was completed or may arise in the future, and future laws, ordinances or regulations may impose additional material environmental liability beyond what was known at the time the site assessment was conducted.

In addition, our properties are subject to various federal, state and local environmental, health and safety laws, including laws governing the management of wastes and underground and aboveground storage tanks. Noncompliance with these environmental, health and safety laws could subject us or our tenants to liability. These environmental liabilities could affect a tenant s ability to make rental payments to us. Moreover, changes in laws could increase the potential costs of compliance with environmental laws, health and safety laws or increase liability for noncompliance. This may result in significant unanticipated expenditures or may otherwise materially and adversely affect our operations, or those of our tenants, which could in turn have a material adverse effect on us.

As the owner or operator of real property, we may also incur liability based on various building conditions. For example, buildings and other structures on properties that we currently own or operate or those we acquire or operate in the future contain, may contain, or may have contained, asbestos-containing material, or ACM. Environmental, health, and safety laws require that ACM be properly managed and maintained and may impose fines or penalties on owners, operators or employers for non-compliance with those requirements. These

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requirements include special precautions, such as removal, abatement or air monitoring, if ACM would be disturbed during maintenance, renovation, or demolition of a building, potentially resulting in substantial costs. In addition, we may be subject to liability for personal injury or property damage sustained as a result of exposure to ACM or releases of ACM into the environment.

We also may incur liability arising from mold growth in the buildings we own or operate. When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants or increase ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants, or others if property damage or personal injury occurs.

Insurance

We carry comprehensive liability, fire, extended coverage, earthquake, terrorism and rental loss insurance covering all of the properties in our portfolio under a blanket policy. We believe the policy specifications and insured limits are appropriate given the relative risk of loss, the cost of the coverage and industry practice and, in the opinion of our management, the properties in our portfolio are adequately insured. Our terrorism insurance is subject to exclusions for loss or damage caused by nuclear substances, pollutants, contaminants and biological and chemical weapons. We do not carry insurance for generally uninsured losses such as loss from riots or acts of God. In addition, we carry terrorism insurance on all of our properties in an amount and with deductibles which we believe are commercially reasonable. See Risk Factors Risks Relating to Our Business and Our Properties If we suffer losses that are not covered by insurance or that are in excess of insurance coverage, we could lose invested capital and anticipated profits and Some of our properties are subject to potential natural and other disasters, which could cause significant damage to our properties and result in substantial costs to us or loss of our invested capital in the properties.

Competition

In seeking new investment opportunities, we compete with other real estate investors, including pension funds, insurance companies, foreign investors, real estate partnerships, other REITs, private individuals and other real estate companies, some of which have greater financial resources than we do. With respect to properties presently owned by us, we compete with other owners of like properties for tenants. There can be no assurance that we will be able to successfully compete with such entities in development, acquisition, and leasing activities in the future.

Our business is inherently competitive. Property owners, including us, compete on the basis of location, visibility, quality and aesthetic value of construction, volume of traffic, strength and name recognition of tenants and other factors. These factors combine to determine the level of occupancy and rental rates that we are able to achieve at our properties. Further, our tenants compete with other forms of retailing, including e-commerce, catalog companies and direct consumer sales. We may, at times, compete with newer properties or those in more desirable locations. To remain competitive, we evaluate all of the factors affecting our centers and try to position them accordingly. For example, we may decide to focus on renting space to specific retailers who will complement our existing tenants and increase traffic. We believe the principal factors that retailers consider in making their leasing decision include:

- consumer demographics;
- quality, design and location of properties;

- total number and geographic distribution of properties;
- diversity of retailers and anchor tenants at shopping center locations;
- management and operational expertise; and
- rental rates.

Based on these factors, we believe that the size and scope of our property portfolio, as well as the overall quality and attractiveness of our individual properties, enable us to compete effectively for retail tenants in our local markets. Because our revenue potential may be linked to the success of retailers, we indirectly share exposure to the same competitive factors that our retail tenants experience in their respective markets when trying to attract individual shoppers. These dynamics include general competition from other regional shopping centers, including outlet malls and other discount shopping centers, as well as competition with discount shopping clubs, catalog companies, Internet sales and telemarketing.

Employees

As of December 9, 2011, we had approximately 260 employees.

Legal Proceedings

From time to time, we are party to various lawsuits, claims for negligence and other legal proceedings that arise in the ordinary course of our business. We are not currently a party, as plaintiff or defendant, to any legal proceedings which, individually or in the aggregate, would be expected to have a material effect on our business, financial condition or results of operations if determined adversely to us.

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MANAGEMENT

Directors and Executive Officers

Currently, our board of directors consists of nine directors. Our board of directors has determined that seven of our directors are independent directors for purposes of applicable NYSE rules. Pursuant to our charter, our directors are elected annually by our shareholders to serve until the next annual meeting or until their successors are duly elected and qualify. The next annual meeting of our shareholders after this offering will be held in 2012. Our officers serve at the discretion of our board of directors.

Certain information regarding our executive officers and directors is set forth below:

Name	Age	Position
Steven P. Grimes	44	Chief Executive Officer, President, Chief Financial Officer, Treasurer and Director
Dennis K. Holland	59	Executive Vice President, General Counsel and Secretary
Shane C. Garrison	42	Executive Vice President and Chief Investment Officer
Niall J. Byrne	55	Executive Vice President and President of Property Management
James W. Kleifges	61	Executive Vice President and Chief Accounting Officer
Gerald M. Gorski*	68	Director and Chairman of the Board
Kenneth H. Beard*	72	Director
Frank A. Catalano, Jr*	50	Director
Paul R. Gauvreau*	72	Director
Brenda G. Gujral	69	Director
Richard P. Imperiale*	52	Director
Kenneth E. Masick*	66	Director
Barbara A. Murphy*	73	Director

* Determined by our board of directors to be an independent director within the meaning of the NYSE listing standards.
The following are biographical summaries of the experience of our executive officers and directors.

Steven P. Grimes serves as our Chief Executive Officer, President, Chief Financial Officer, Treasurer and as a Director. Mr. Grimes has served as one of our directors since March 8, 2011 and as Chief Executive Officer and President since October 13, 2009. Previously, Mr. Grimes served as our Chief Operating Officer and Chief Financial Officer since the internalization of our management on November 15, 2007. Prior to our internalization, Mr. Grimes served as Principal Financial Officer and Treasurer and the Chief Financial Officer of Inland Western Retail Real Estate Advisory Services, Inc., which was our former business manager/advisor, since February 2004. Prior to joining our former business manager/advisor, Mr. Grimes served as a Director with Cohen Financial, a mortgage brokerage firm, and as a senior manager with Deloitte in their Chicago-based real estate practice, where he was a national deputy real estate industry leader. Mr. Grimes is also an active member of various real estate trade associations, including the Real Estate Roundtable. Mr. Grimes received his B.S. in Accounting from Indiana University and is a Certified Public Accountant.

Dennis K. Holland serves as our Executive Vice President, General Counsel and Secretary. In this role, Mr. Holland manages our legal department and is involved in all aspects of our business, including real estate acquisitions and financings, sales, securities laws, corporate governance matters, leasing and tenant matters and litigation management. Mr. Holland has served as our Executive Vice President since October 12, 2010 and as our General Counsel and Secretary since the internalization of our management on November 15, 2007. Prior to that time, he served as Associate Counsel of The Inland Real Estate Group, Inc., an affiliate of our former business manager/advisor, since December 2003. Prior to December 2003, Mr. Holland served as Deputy General Counsel of Heller Financial, Inc., and General Counsel of its real estate group, and in a business role with GE Capital following its acquisition of Heller Financial. Mr. Holland received his B.S. in Economics from Bradley University in 1974 and a J.D. from the John Marshall Law School in 1979.

Shane C. Garrison serves as our Executive Vice President and Chief Investment Officer. In this role, Mr. Garrison is responsible for several operating functions within the company, including leasing, construction operations, joint ventures, and overall asset management, which includes acquisitions and dispositions. Mr. Garrison has served as our Executive Vice President since October 12, 2010 and as our Chief Investment Officer since the internalization of our management on November 15, 2007. Prior to that time, Mr. Garrison served as Vice President of Asset Management of Inland US Management LLC, which was a property management company affiliated with our former business manager/advisor, since 2004. In this prior role, Mr. Garrison underwrote over $1.2 billion of assets acquired by us, and went on to spearhead our development and joint venture initiatives. Previously, Mr. Garrison had served as head of asset management for ECI Properties, a small boutique owner of industrial and retail properties, and the general manager of the Midwest region for Circuit City, a large electronics retailer. Mr. Garrison received his B.S. in Business Administration from Illinois State University and an MBA in Real Estate Finance from DePaul University.

Niall J. Byrne serves as our Executive Vice President and President of Property Management. In this role, Mr. Byrne is responsible for the oversight of all the property management functions for our portfolio. Mr. Byrne has served as our Executive Vice President since October 12, 2010 and as our President of Property Management since the internalization of our management on November 15, 2007. Prior to that time, he served as a Senior Vice President of Inland Holdco Management LLC, which was a property management company affiliated with our former business manager/advisor, since 2005. In this role, Mr. Byrne was responsible for the oversight of all of the property management, leasing and marketing activities for our portfolio and was involved in our development, acquisitions and joint venture initiatives. Previously, from 2004 to 2005, Mr. Byrne served as Vice President of Asset Management of American Landmark Properties, Ltd., a private real estate company, where he was responsible for a large commercial and residential portfolio of properties. Prior to joining American Landmark Properties, Ltd., Mr. Byrne served as Senior Vice President/Director of Operations for Providence Management Company, LLC, or PMC Chicago, from 2000 to 2004. At PMC Chicago, he oversaw all aspects of property operations, daily management and asset management functions for an 8,000-unit multi-family portfolio. Prior to joining PMC Chicago, Mr. Byrne also had over fifteen years of real estate experience with the Chicago-based Habitat Company and with American Express/Balcor and five years of public accounting experience. Mr. Byrne received his B.S. in Accounting from DePaul University and is a Certified Public Accountant.

James W. Kleifges serves as our Executive Vice President and Chief Accounting Officer. Mr. Kleifges has served as our Executive Vice President since October 12, 2010 and as our Chief Accounting Officer since the internalization of our management on November 15, 2007. Prior to that time, he served as Chief Accounting Officer of Inland Western Retail Real Estate Advisory Services, Inc., our former business manager/advisor, since March 2007. Mr. Kleifges served as Vice President, Chief Financial Officer, Treasurer and Assistant Secretary of Inland Retail Real Estate Trust, Inc., a publicly held retail real estate investment trust, from January 2005 until the acquisition of the company by a third party in February 2007 in a transaction valued in excess of $6 billion. From August 2004 through December 2004, Mr. Kleifges was the Vice President, Corporate Controller for the external business manager/advisor of Inland Retail Real Estate Trust, Inc. From April 1999 to January 2004, Mr. Kleifges was Vice President/Corporate Controller of Prime Group Realty Trust, an office and industrial real estate investment trust based in Chicago, Illinois, with assets in excess of $1 billion. Prior to joining Prime Group, Mr. Kleifges held senior financial and operational positions in various private and public real estate companies located in Chicago, Illinois and Denver, Colorado. Mr. Kleifges also was a Senior Manager with KPMG in Chicago, Illinois completing a career in public accounting from June 1972 to December 1982. Mr. Kleifges earned his B.A. in Accounting from St. Mary s University in Winona, Minnesota and has been a Certified Public Accountant since 1974.

Gerald M. Gorski serves as a Director and Chairman of the Board. Mr. Gorski has been one of our directors since July 1, 2003 and Chairman of the Board since October 12, 2010. He has been a Partner in the law firm of Gorski & Good LLP, Wheaton, Illinois since 1978. Mr. Gorski s practice is focused on governmental law, and he represents numerous units of local government in Illinois. Mr. Gorski has served as a Special Assistant State s Attorney and Special Assistant Attorney General in Illinois. He received a B.A from North Central College with

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majors in Political Science and Economics and a J.D. from DePaul University Law School. Mr. Gorski serves as the Vice Chairman of the Board of Commissioners for the DuPage Airport Authority. Further, Mr. Gorski has also served as Chairman of the Board of Directors of the DuPage National Technology Park. He has written numerous articles on various legal issues facing Illinois municipalities and has been a speaker at a number of municipal law conferences.

Kenneth H. Beard serves as a Director. Mr. Beard has been one of our directors since our inception on March 5, 2003. He is President and Chief Executive Officer of KHB Group, Inc. and Midwest Mechanical Construction, mechanical engineering and construction companies. From 1999 to 2002, he was President and Chief Executive Officer of Exelon Services, a subsidiary of Exelon Corporation that engaged in the design, installation and servicing of heating, ventilation and air conditioning facilities for commercial and industrial customers and provided energy-related services. From 1974 to 1999, Mr. Beard was President and Chief Executive Officer of Midwest Mechanical, Inc., a heating, ventilation and air conditioning construction and service company that he founded in 1974. From 1964 to 1974, Mr. Beard was employed by The Trane Company, a manufacturer of heating, ventilating and air conditioning equipment. Mr. Beard holds an MBA and BSCE from the University of Kentucky and is a licensed mechanical engineer. He is past chairman of the foundation board of the Wellness House in Hinsdale, Illinois, a cancer support organization and serves on the Dean s Advisory Council of the University of Kentucky, School of Engineering. Mr. Beard is a past member of the Oak Brook, Illinois, Plan Commission (1981 to 1991) and a past board member of Harris Bank, Hinsdale, Illinois (1985 to 2004).

Frank A. Catalano, Jr. serves as a Director. Mr. Catalano has been one of our directors since our inception on March 5, 2003. Mr. Catalano s experience also includes mortgage banking. Since February 1, 2008, he has been with Gateway Funding Diversified Mortgage Services, L.P., a residential mortgage banking company, as their Regional Vice President. From 2002 until August 2007, he was a Vice President of American Home Mortgage Company. He also was President and Chief Executive Officer of CCS Mortgage, Inc. from 1995 through 2000. Since 1999, Mr. Catalano has also served as President of Catalano & Associates. Catalano & Associates is a real estate company that engages in brokerage and property management services and the rehabilitation and leasing of office buildings. Mr. Catalano is currently a member of the Elmhurst Memorial Healthcare Board of Governors and formerly served as the chairman of the board of the Elmhurst Chamber of Commerce. Mr. Catalano holds a mortgage banker s license.

Paul R. Gauvreau serves as a Director. Mr. Gauvreau has been one of our directors since our inception on March 5, 2003. He is the retired Chief Financial Officer, Financial Vice President and Treasurer of Pittway Corporation, a NYSE listed manufacturer and distributor of professional burglar and fire alarm systems and equipment from 1966 until its sale to Honeywell, Inc. in 2001. He was President of Pittway s non-operating real estate and leasing subsidiaries through 2001. He also was a financial consultant to Honeywell, Inc., Genesis Cable, L.L.C. and ADUSA, Inc. Additionally, he was a director and audit committee member of Cylink Corporation, a NASDAQ Stock Market listed manufacturer of voice and data security products from 1998 until its merger with Safenet, Inc. in February 2003. Mr. Gauvreau holds an MBA from the University of Chicago and a BSC from Loyola University of Chicago. He is on the Board of Trustees, Chairman of the Finance Committee and Treasurer of Benedictine University, Lisle, Illinois and a member of the Board of Directors of the Children s Brittle Bone Foundation, Pleasant Prairie, Wisconsin.

Brenda G. Gujral serves as a Director. Ms. Gujral has been one of our Directors since our inception on March 5, 2003 and previously served as our Chief Executive Officer from June 2005 until the internalization of our management on November 15, 2007. She is the Chief Executive Officer of Inland Real Estate Investment Corporation, or IREIC, which is a sponsor of real estate investment trusts and limited partnerships that is affiliated with The Inland Group, Inc. Ms. Gujral has served as the Chief Executive Officer of IREIC since January 2008 and as its President from January 1998 through January 2011 and from July 1987 through September 1992. Ms. Gujral currently serves as a director of Inland American Real Estate Trust, Inc. and Inland Diversified Real Estate Trust, Inc., and previously served as a director of Inland Retail Real Estate Trust, Inc. from its inception in September 1998 until it was acquired in February 2007. Prior to joining The Inland Group,

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Inc., she worked for the Land Use Planning Commission establishing an office in Portland, Oregon, to implement land use legislation for that state. She is a graduate of California State University. She holds Series 7, 22, 39 and 63 certifications from the Financial Industry Regulatory Authority and is a licensed real estate salesperson.

Richard P. Imperiale serves as a Director. Mr. Imperiale has been one of our directors since January 2008. Mr. Imperiale is President and founder of Forward Uniplan Advisors, Inc., a Milwaukee, Wisconsin based investment advisory holding company that, together with its affiliates, manages and advises over $500 million in client accounts. Forward Uniplan Advisors, Inc. was founded by Mr. Imperiale in 1984 and specializes in managing equity, REIT and specialty portfolios for clients. Mr. Imperiale started his career as a credit analyst for the First Wisconsin National Bank (now U.S. Bank). In 1983, Mr. Imperiale joined B.C. Ziegler & Company, a Midwest regional brokerage firm where he was instrumental in the development of portfolio strategies for one of the first hedged municipal bond mutual funds in the country. Mr. Imperiale is widely quoted in local and national media on matters pertaining to investments and authored the book *Real Estate Investment Trusts: New Strategies For Portfolio Management*, published by John Wiley & Sons, 2002. He attended Marquette University Business School where he received a B.S. in Finance.

Kenneth E. Masick serves as a Director. Mr. Masick has been one of our directors since January 2008. He retired from Wolf & Company LLP, certified public accountants, in April 2009, having been there as a partner since its formation in 1978. That firm, one of the largest in the Chicago area, specializes in audit, tax and consulting services to privately owned businesses. Mr. Masick was partner-in-charge of the firm s audit and accounting department and was responsible for the firm s quality control. His accounting experience also includes feasibility studies and due diligence activities with acquisitions. Mr. Masick has been in public accounting since his graduation from Southern Illinois University in 1967. Mr. Masick also holds Series 7, 24, 27 and 63 licenses from Financial Industry Regulatory Authority. He also was treasurer and director of Wolf Financial Management LLC, a securities broker-dealer firm. Mr. Masick was a director of Inland Retail Real Estate Trust, Inc. from December 1998 until it was acquired in February 2007.

Barbara A. Murphy serves as a Director. Ms. Murphy has been one of our directors since July 1, 2003. Ms. Murphy is the Chairwoman of the DuPage Republican Party and current Committeeman for The Milton Township Republican Central Committee in Illinois. After serving for twenty years, she recently retired as a Trustee of Milton Township in Illinois. Ms. Murphy is currently a member of the Illinois Motor Vehicle Review Board and the Matrimonial Fee Arbitration Board, and has previously served on the DuPage Civic Center Authority Board, the DuPage County Domestic Violence Task Force and the Illinois Toll Highway Advisory Committee and as a founding member of the Family Shelter Service Board. Ms. Murphy also previously served as the Chairman for the Milton Township Republican Central Committee in Illinois and as the Republican Party s State Central Committeewoman for the Sixth Congressional District. Ms. Murphy also has experience as the co-owner of a small retail business.

Director Qualifications. In concluding that each of the foregoing Directors should serve as a Director, the Nominating and Corporate Governance Committee and the Board focused on each Director s participation and performance on the Board during his or her tenure, as well as each Director s experience, qualifications, attributes and skills discussed in each of the Directors individual biographies set forth elsewhere herein. In particular, with respect to each Director, the Nominating and Corporate Governance Committee and the Board noted the following:

Mr. Grimes s experience and position as our Chief Executive Officer;

Mr. Gorski s experience as a lawyer and focus on local government law not only gives the Board a valuable perspective on the numerous legal issues (including land use law) that we face, but also on local political issues;

Mr. Beard s experience in engineering and construction services, as well as his expertise in corporate acquisition and finance, enable him to provide insight relating to our joint venture, development and other activities;

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Mr. Catalano s experience in running a firm engaged in the brokerage, management, rehabilitation and leasing of commercial property coincides closely with our business;

Mr. Gauvreau s financial experience, including his serving as the chief financial officer of a NYSE-listed company and on the audit committee of a NASDAQ-listed company, qualifies him to serve as chairman of our Audit Committee;

Ms. Gujral s experience in the real estate industry and the securities brokerage business provides guidance to us as well as assistance in maintaining our relationship not only with the brokers and advisors who have sold our stock, but also with the investors who purchased our stock;

Mr. Imperiale s experience in the brokerage and investment advisory industries allow him to provide useful oversight and advice as we look to refinance debt and strengthen our balance sheet, as well as to address issues with respect to our securities portfolio;

Mr. Masick s experience as a certified public accountant and experience in providing audit, tax and consulting services to privately-owned businesses provides financial expertise to the Board and the Audit Committee; and

Ms. Murphy s public service and experience in operating her own business bring a different perspective to evaluating our relationships with public officials, tenants and customers of our tenants.

Corporate Governance Profile

We have structured our corporate governance in a manner we believe closely aligns our interests with those of our shareholders. Notable features of our corporate governance structure include the following:

our board of directors is not staggered, with each of our directors subject to re-election annually;

of the nine persons who currently serve on our board of directors, seven have been affirmatively determined by our board of directors to be independent for purposes of the NYSE s listing standards and Rule 10A-3 under the Exchange Act;

at least one of our directors qualifies as an audit committee financial expert as defined by the Securities and Exchange Commission, or the SEC;

we have an independent Chairman of our board of directors;

prior to the completion of this offering, we intend to opt out of the Maryland business combination and control share acquisition statutes and provide that we may not opt in without shareholder approval; and

we do not have a shareholder rights plan and, prior to the completion of this offering we intend to provide that, in the future, we will not adopt a shareholder rights plan unless our shareholders approve in advance the adoption of a plan or, if adopted by our board of directors, we will submit the shareholder rights plan to our shareholders for a ratification vote within 12 months of adoption or the plan will terminate.

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Board Committees

Our board of directors has established three standing committees: the Audit Committee, the Executive Compensation Committee and the Nominating and Corporate Governance Committee. The composition of each of the Audit Committee, the Executive Compensation Committee and the Nominating and Corporate Governance Committee complies with the listing requirements and other rules and regulations of the NYSE, as amended or modified from time to time. All members of the committees described below are independent as such term is defined in the NYSE s listing standards and as affirmatively determined by our board of directors, other than Ms. Gujral.

Board Committee	Chairman	Members
Audit Committee	Paul R. Gauvreau	Kenneth H. Beard
		Kenneth E. Masick
Executive Compensation Committee	Frank A. Catalano, Jr.	Richard P. Imperiale
		Brenda G. Gujral
		Barbara A. Murphy
Nominating & Corporate Governance Committee(1)	Richard P. Imperiale	Gerald M. Gorski
		Kenneth E. Masick

(1) Robert D. Parks served as a member of our Nominating and Corporate Governance Committee and Board of Directors until our annual meeting of shareholders on October 12, 2010. Mr. Parks was not independent as such term is defined in the NYSE s listing standards.

Audit Committee

Our Board has established an Audit Committee comprised of Messrs. Beard, Gauvreau, and Masick. Mr. Gauvreau serves as the Chair of the Audit Committee and qualifies as our financial expert under the SEC rules. The Audit Committee operates under a written charter approved by the Board of Directors.

The Audit Committee is responsible for the engagement of our independent registered public accounting firm, reviewing the plans and results of the audit engagement with our independent registered public accounting firm, approving services performed by, and the independence of, our independent registered public accounting firm, considering the range of audit and non-audit fees, and consulting with our independent registered public accounting firm regarding the adequacy of our internal accounting controls.

Executive Compensation Committee

Our Board has established an Executive Compensation Committee comprised of Mr. Catalano, Mr. Imperiale, Ms. Gujral and Ms. Murphy. Mr. Catalano serves as the chair of the Executive Compensation Committee. Each of the members of the Executive Compensation Committee satisfies the definition of independent under the NYSE s listing standards, other than Ms. Gujral. The Executive Compensation Committee operates under a written charter approved by the Board of Directors.

The Executive Compensation Committee makes recommendations to our Board concerning compensation policies and programs, including salaries and incentive compensation, for our executive officers, and administers our employee benefit plans. The Executive Compensation Committee has not delegated its authority to others. It is likely that our chief executive officer will provide input into executive compensation decisions. We did not hire a compensation consultant to assist the Executive Compensation Committee in determining compensation for 2010.

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Nominating and Corporate Governance Committee

Our Board has established a Nominating and Corporate Governance Committee, or Nominating Committee comprised of Messrs. Gorski, Imperiale and Masick. Mr. Imperiale serves as the chair of the Nominating Committee. Each of the Members of the Nominating Committee satisfies the definition of independent under the NYSE s listing standards. The Nominating Committee operates under a written charter approved by the Board of Directors.

The Nominating Committee identifies possible director nominees (whether through a recommendation from a shareholder or otherwise), and makes initial determinations as to whether to conduct a full evaluation of the candidate(s). This initial determination is based on the information provided to the Nominating Committee when the candidate is recommended, the Nominating Committee s own knowledge of the prospective candidate and information, if any, obtained by the Nominating Committee s inquiries. The preliminary determination is based primarily on the need for additional Board members to fill vacancies, expand the size of the Board of Directors or obtain representation in market areas without Board representation and the likelihood that the candidate can satisfy the evaluation factors described below. If the members of the Nominating Committee determine that additional consideration is warranted, the Nominating Committee may gather additional information about the candidate s background and experience. The members of the Nominating Committee then evaluate the prospective nominee against the following standards and qualifications:

- achievement, experience and independence;
- wisdom, integrity and judgment;
- understanding of the business environment; and
- willingness to devote adequate time to Board duties.

The members of the Nominating Committee also consider such other relevant factors as they deem appropriate, including the current composition of the Board, the need for audit committee or other expertise and the evaluations of other candidates. In connection with this evaluation, the members of the Nominating Committee determine whether to interview the candidate. If the members of the Nominating Committee decide that an interview is warranted, one or more of those members, and others as appropriate, interview the candidate in person or by telephone. After completing this evaluation and interview, the full Board would nominate such candidates for election.

Guidelines on Corporate Governance and Code of Business Conduct and Ethics

Our board of directors, upon the recommendation of the Nominating and Corporate Governance Committee, has adopted guidelines on corporate governance establishing a common set of expectations to assist the board of directors in performing its responsibilities. The corporate governance policies and guidelines address a number of topics, including, among other things, director qualification standards, director responsibilities, the responsibilities and composition of the board committees, director access to management and independent advisors, director compensation, management succession and evaluations of the performance of the board. Prior to the completion of this offering, we intend to amend our corporate governance policies and guidelines to comply with the requirements of the NYSE s listing standards. Our board of directors also has adopted a code of business conduct and ethics, which includes a conflicts of interest policy that applies to all of our directors and executive officers. The Code of Business Conduct and Ethics meets the requirements of a code of ethics as defined by the rules and regulations of the SEC.

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Executive Compensation

The following discussion and analysis is set forth with respect to the compensation and benefits for the Company s Chief Executive Officer and Chief Financial Officer and the other three officers included in the Summary Executive Compensation Table included herein (together, the Company s Named Executive Officers) for the Company s fiscal year ended December 31, 2010 (fiscal 2010).

Compensation Committee Members, Independence and Responsibility

The compensation and benefits payable to the Named Executive Officers are established by the Board with the assistance of the Executive Compensation Committee of the Board (the Committee). The Committee is currently comprised of Frank A. Catalano, Jr. (Chairman), Brenda G. Gujral, Richard P. Imperiale, and Barbara A. Murphy. Each of Messrs. Catalano and Imperiale and Ms. Murphy (but not Ms. Gujral) is (i) an independent director within the meaning of the NYSE s listing standards, (ii) a non-employee director within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended, and (iii) an outside director within the meaning of the regulations promulgated pursuant to Section 162(m) of the Code.

The Committee operates under a written charter adopted by the Board. Pursuant to its charter, the Committee is charged with reviewing and approving the Company s compensation philosophy and is responsible for assuring that the officers and key management personnel of the Company and its subsidiaries are effectively compensated in terms that are motivating, internally equitable and externally competitive. Pursuant to its charter, the Committee s function is to:

- review (in consultation with management or the Board), recommend to the Board for approval and evaluate the compensation plans, policies and programs of the Company, especially those regarding executive compensation;
- determine the compensation of the chief executive officer and all other executive officers of the Company; and
- produce an annual report on executive compensation for inclusion in the Company s proxy materials in accordance with applicable rules and regulations.

Objectives and Structure of Our Compensation Program

The primary objectives of our executive compensation programs are: (i) to attract, retain and reward experienced, highly-motivated executives who are capable of leading us effectively and contributing to our long-term growth and profitability, (ii) to motivate and direct the performance of management with clearly-defined goals and measures of achievement, and (iii) to align the interests of management with the interests of our shareholders.

We attempt to achieve our objectives through offering the opportunity to earn a combination of cash and equity-based compensation to provide appropriate incentives for our executives. Executive officers are eligible to receive a combination of (i) annual base salary, (ii) annual cash or equity incentive compensation, and (iii) option grants under our Stock Incentive Plan. Each of the Named Executive Officers participates in the same benefits programs available to all of our employees: health and dental insurance; group term life insurance; short-term disability coverage; and tax-qualified 401(k) plan. The Company does not provide additional perquisites to the Named Executive Officers. The Committee did not engage a compensation consultant for 2010.

When we were initially formed in 2003, we did not have any employees. Instead, we had agreements with related parties who provided all of our services and employees in exchange for fees. At that time, those related parties compensated their employees, including each of the Named Executive Officers, from the time they started their employment with such related parties. We were not a part of any compensation decisions or arrangements. On November 15, 2007, we acquired those related parties and hired substantially all of those employees who were employed by those related parties and provided services to us in a transaction referred to as the internalization. As part of the internalization, we entered into employment agreements with four of our executive officers, including Steven P. Grimes, our current Chief Executive Officer, President, Chief Financial Officer and Treasurer; Shane C. Garrison, our Executive Vice President and Chief Investment Officer and Niall J. Byrne, our Executive Vice President and President of our property management companies. The term of our initial employment agreements with each of the individuals listed above began on November 15, 2007, the closing date of the internalization. The employment agreements provided that each Named Executive Officer was to receive a salary, but made no provision for a incentive compensation or equity compensation.

In late 2007, our Board established the Committee. In February 2008, the Board adopted a charter for the Committee and it began meeting to examine and establish compensation programs for our chief executive officer and other executive officers.

In August 2008, the Company finalized new employment agreements for all of the Named Executive Officers for the year ended on December 31, 2008 (except for Mr. Holland s employment agreement which continued until December 31, 2009) retroactive to January 1, 2008. The Committee determined not to enter into any new employment agreements with the Named Executive Officers for 2009 and 2010.

As a part of its efforts, the Committee set the objectives of our compensation program. While the Committee informally compared compensation against peer group data to gain a sense of current market compensation, no benchmarking was used. The peer group selected by the Committee consists of the following nine publicly-traded REITs with a substantial retail shopping center portfolio:

Developers Diversified Realty Corporation	Inland Real Estate Corporation
Regency Centers Corporation	Kimco Realty Corporation
Cedar Shopping Centers, Inc.	Ramco-Gershenson Properties Trust
Equity One, Inc.	Weingarten Realty Investments
Federal Realty Investment Trust	

2010 Executive Compensation

In fiscal 2010, the Committee considered a combination of base salary, incentive compensation, annual long-term equity awards in the form of stock options and other benefits noted above to meet its compensation objectives. The proportions of these elements were determined by the Committee in its discretion, considering, among other things, the prevailing practices in the marketplace, including the peer group, and the historical compensation by the Company and the prior employers of the Company s Named Executive Officers. In establishing base salaries for 2010, the Committee considered present compensation, market competitiveness in relation to the Company s performance and capital structure, the roles, responsibilities and performance of each of the Named Executive Officers, the contribution of each of the Named Executive Officers to the Company s business, an analysis of job requirements, and the prior experience and accomplishments of each of the Named Executive Officers. For 2010, the Committee approved an executive bonus program pursuant to which each of the Named Executive Officers was eligible to receive a bonus payable in shares of restricted common stock. For each of our Named Executive Officers, a portion of the bonus was to be based on the achievement of pre-established corporate performance measures and the remainder was to be based on individual performance as determined by the Committee in its discretion, as described in more detail below. The Committee determined that this program would provide an appropriate balance between using objective, pre-established corporate performance measures and retaining discretion over a portion of incentive compensation to allow the Company to reward achievement and effort by the Named Executive Officers that may not be adequately measured using pre-established formulas. Discretionary incentive compensation also assists in the Company s efforts to retain outstanding executive officers. Finally, the Committee views the granting of restricted common stock as a means of aligning management and shareholder interests, providing incentives and rewarding management s long-term perspective, and retaining the services of the Named Executive Officers.

In determining overall compensation for each Named Executive officer for fiscal 2010, the Committee generally considered a number of factors on a subjective basis, including, but not limited to, (i) the scope of the

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officer s responsibilities within the Company; (ii) the experience of the officer within our industry and at the Company; (iii) performance of the Named Executive Officer and his or her contribution to the Company; (iv) the Company s financial budget and general wage level throughout the Company for fiscal 2010; (v) a review of historical compensation information for the individual officer; (vi) a subjective determination of the compensation needed to motivate and retain that individual; (vii) the recommendations of the Chief Executive Officer (and the recommendation of the Chairman of the Board with respect to the Chief Executive Officer); (viii) data regarding compensation paid to officers with comparable titles, positions or responsibilities at REITs that are approximately similar in size to the Company, and (ix) general industry and market conditions and their impact upon the ability of the Company to achieve objective performance goals and the time commitment required of the Named Executive Officers. An officer s target compensation is not mechanically set to be a particular percentage of the peer group average, although as noted the Committee does review the officer s compensation relative to the peer group to help the Committee perform the subjective analysis described above. Peer group data is not used as the determining factor in setting compensation for the following reasons: (a) the average actual compensation for comparable officers at the peer companies may be the result of a year of over performance or under performance by the peer group (i.e., historically, the Company has not had access to the target compensation set for the peer group, but only to the actual compensation paid, so setting target compensation strictly by reference to actual compensation data for peers would be inappropriate); and (b) the Committee believes that ultimately the decision as to appropriate target compensation for a particular office should be made based on the full review described above. The Committee also reviews competitive market compensation data for the peer group.

Steven P. Grimes. For 2010, Mr. Grimes, our Chief Executive Officer, President, Chief Financial Officer and Treasurer, received a base salary of $450,000. On October 12, 2010, the Board increased the annual base salary for Mr. Grimes to $525,000, effective January 1, 2011.

Dennis K. Holland. For 2010, Mr. Holland, our Executive Vice President, General Counsel and Secretary, received a base salary of $265,000. On October 12, 2010, the Board increased the annual base salary for Mr. Holland to $325,000, effective January 1, 2011.

Shane C. Garrison. For 2010, Mr. Garrison, our Executive Vice President and Chief Investment Officer, received a base salary of $250,000. On October 12, 2010, the Board increased the annual base salary for Mr. Garrison to $350,000, effective January 1, 2011.

Niall J. Byrne. For 2010, Mr. Byrne, our Executive Vice President and President of Property Management, received a base salary of $250,000. On October 12, 2010, the Board increased the annual base salary for Mr. Byrne to $275,000, effective January 1, 2011.

On October 12, 2010, we increased the annual base salaries for the Named Executive Officers, effective January 1, 2011. Among other reasons, the Board made these adjustments as none of the management team, other than Mr. Grimes, has had an increase in base salary during the period from January 1, 2008 through January 1, 2011, the effective date of such adjustments, while undertaking increased workloads due to the recent economic recession and the reallocation of duties of the Company s previous President and Chief Executive Officer, who left in 2009. In addition, the Board made these adjustments at this time in view of the fact that the adjustments to the management team s base salaries aggregated $260,000, which is less than the $375,000 in executive compensation savings achieved by the combining of the role of the Chief Financial Officer with the Chief Executive Officer.

For 2010, the Committee approved an executive bonus program pursuant to which Messrs. Grimes, Holland, Garrison and Byrne are each eligible to receive a bonus payable in shares of restricted common stock with a value of $225,000, $66,250, $62,500 and $62,500, respectively. Under this program, the number of shares of restricted stock to be awarded to each Executive Officer was calculated by dividing the value of the bonus earned by the Named Executive Officer by the fair value of our common stock as determined by the Board of Directors or the Committee on the date the Committee determined whether the corporate performance measures for the bonuses have been achieved. Each of Messrs. Grimes and Holland was eligible to earn 50% of their bonus if two corporate performance measures, a target occupancy rate of 90% for 2010 and target amount of cash flows from operations of $200.0 million for the year ended December 31, 2010, were achieved. Messrs. Grimes and Holland were eligible to receive the remaining 50% of their bonuses based upon individual performance as determined by the Committee in its discretion. Mr. Garrison was eligible to earn 80% of his bonus if the target occupancy rate for 2010 was achieved. Mr. Byrne was eligible to earn 80% of his bonus if the target amount of cash flows from operations for the year ended December 31, 2010 was achieved. Messrs. Garrison and Byrne were eligible to receive the remaining 20% of their bonuses based upon individual performance as determined by the Committee in its discretion. On April 12, 2011, the Committee made its determinations under the executive bonus program. The Committee determined that the Company had exceeded the target occupancy rate that had been established under the executive bonus program, but did not meet the target amount of cash flows from operations. Accordingly, Mr. Garrison earned the full amount of his bonus that was based on pre-established corporate performance measures, and Messrs. Grimes, Holland and Byrne did not receive the portion of their bonus that was based on pre-established corporate performance measures. The Committee decided to award each of Messrs. Grimes, Holland, Garrison and Byrne the full amount of the discretionary portion of their bonus under the executive bonus program. This decision was primarily based on the overall performance of the Company during the year, including the Company s achievements in refinancing and repaying maturing debt, signing new leases, establishing the RioCan joint venture, disposing of non-core assets and generating cash flows from operations. As a result, on April 12, 2011, restricted stock awards in the following amounts were made to our Named Executive Officers: Mr. Grimes 16,423 shares; Mr. Holland 4,836 shares; Mr. Garrison 9,125 shares; and Mr. Byrne 1,825 shares. In accordance with the originally established terms of the executive bonus program, 50% of the restricted stock grants will fully vest on each of the third and fifth anniversaries of the grant date. Additionally, on May 10, 2011, the Board of Directors awarded, as a supplement to the executive bonus program, a one-time, nominal award of $20,000 in cash to each of Messrs. Grimes, Holland, Garrison and Byrne in recognition of their performance in 2010.

2010 Executive Compensation Table

The following table sets forth information with respect to all compensation paid or earned for services rendered to us by the Named Executive Officers for the years ended December 31, 2010, 2009 and 2008.

Summary Compensation Table

Name and Principal Position	Year	Salary($)	Bonus($)	Stock Awards($)	All Other Compensation[1]($)	Total($)
Steven P. Grimes	2010	450,000		[2]		450,000
	2009	375,000			2,000	377,000
Chief Executive Officer, President, Chief Financial Officer and Treasurer	2008	375,000	93,750		1,000	469,750
Shane C. Garrison						
Executive Vice President and Chief Investment Officer	2010	250,000				