

RETAIL PROPERTIES OF AMERICA, INC.
Form S-11/A
March 12, 2012
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As filed with the Securities and Exchange Commission on March 9, 2012

Registration No. 333-172237

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

Amendment No. 5 to
Form S-11
FOR REGISTRATION UNDER THE SECURITIES ACT OF 1933
OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES
RETAIL PROPERTIES OF AMERICA, INC.

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

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Oak Brook, Illinois 60523
(630) 218-8000

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

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Chief Executive Officer

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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. "

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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 (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 MARCH 9, 2012

PROSPECTUS

Shares

RETAIL PROPERTIES OF AMERICA, INC.

Class A Common Stock

Retail Properties of America, 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 **RPAI**. 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 143 of this prospectus.

Investing in our Class A Common Stock involves risk. See Risk Factors beginning on page 16 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 overallocments, 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 _____, 2012.

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

The date of this prospectus is _____, 2012.

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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 ten 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 six months following the Listing, 12 months following the Listing and 18 months following the Listing, respectively. On the 18 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 March 2, 2012, without giving effect to the Recapitalization, we had approximately 485.5 million shares of common stock outstanding. As of March 2, 2012, after giving effect to the Recapitalization, we would have had an aggregate of approximately 194.2 million 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

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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

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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 December 31, 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 Retail Properties of America, 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 overallocments, if any. Unless otherwise indicated, all property information contained in this prospectus is for our retail operating properties as of December 31, 2011 excluding seasonal leases.

Company Overview

We are one of the largest owners and operators of shopping centers in the United States. As of December 31, 2011, our retail operating portfolio consisted of 259 properties with 34.6 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 approximately 9.8 years since the initial construction or most recent major renovation. As of December 31, 2011, our retail operating portfolio was 90.4% leased, including leases signed but not commenced. In addition to our retail operating portfolio, as of December 31, 2011, we also held interests in 12 office properties, three industrial properties, one non-stabilized retail operating property, 24 retail operating properties held by three unconsolidated joint ventures and three retail properties under development.

As of December 31, 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, 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 78% of our expiring leases based on GLA at aggregate base rental rates that reflected modest increases from the base rental rates of the expiring leases and have signed 575 new leases for 4.7 million square feet of GLA, representing approximately 14% 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 15.0% of our retail annualized base rent. Our retail operating portfolio is also well diversified by type, including 63 power centers with 15.3 million square feet of GLA, 60 community centers with 9.3 million square feet of GLA, 43 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 86 single-user retail properties with 3.5 million square feet of GLA. We believe the 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 December 31, 2011, 67.2% 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 92,274, expected population growth of 7.5% per year and household income of approximately \$83,545 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 December 31, 2011, approximately 89.5% of these shopping centers, based on annualized base rent, were 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 (two locations), or a national or regional grocer, such as Publix (nine locations), Stop & Shop (three locations), Kroger (four locations) and Giant Foods (one location).

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 December 31, 2011, our total retail tenant base included approximately 1,500 tenants with approximately 3,200 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 December 31, 2011, no single retail tenant represented more than 3.3% of our retail annualized base rent, and our top 20 retail tenants, with 389 locations across our portfolio, represented an aggregate of 36.9% of our retail annualized base rent. 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 December 31, 2011, the weighted average lease term of our existing retail leases, based on annualized base rent, was 6.1 years, with leases constituting less than 17.9% of our retail annualized base rent expiring before 2014. We believe the limited near-term expirations of

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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 a significant portion of the 3.2 million square feet of vacant space in our portfolio created by the bankruptcies of Mervyns, Linens in 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 December 31, 2011, we have been able to lease approximately 2.3 million square feet of this vacant space, primarily to existing tenants, and in total we have leased, sold or are in negotiations for 2.7 million square feet, or 82.5%, 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 78%, 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 December 31, 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 \$350.0 million senior unsecured revolving 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 22 years of real estate industry experience through several real estate, credit and retail cycles. They 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 \$3.0 billion of mortgage indebtedness, excluding indebtedness assumed through asset dispositions. This equates to the refinancing or repayment of greater than 63% of our total indebtedness at the beginning of 2009, which was accomplished in severely constrained credit markets, and in the process we 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 executing on internal and external business and growth initiatives, which include:

Maximizing Net Operating Income (NOI) through Internal Growth

We believe that we will be able to generate same store NOI growth through the leasing of currently vacant space in our retail operating portfolio. As of December 31, 2011, our retail operating portfolio was 90.4% leased, including leases signed but not commenced, and had 3.3 million square feet of available space. The 843,000 square feet of GLA of signed leases that had not commenced as of December 31, 2011 represented approximately \$9.9 million in contractually obligated annualized base rent, which we expect to begin realizing over the next 18 months. As of December 31, 2011, our remaining available space was comprised of 1.7 million square feet of available small shop space (under 10,000 square feet) and 1.6 million square feet of available anchor space (over 10,000 square feet), the re-leasing of which would increase our NOI. Additionally, as of December 31, 2011, 42.8% of the leases in our retail operating portfolio, based on annualized base rent, have remaining contractual rent increases, which is expected to increase our future NOI.

Preserving and Strengthening Our Portfolio through Active Property Management and Leasing

We actively manage our portfolio through 19 property management offices across the country, concentrating primarily on leasing opportunities, but also on redevelopment, expansion and remerchandising opportunities. We focus on increasing operating income and cash flows, active risk mitigation and tenant retention as well as other value enhancing strategies including cost reductions, long-term capital planning and asset sustainability initiatives. Examples of how we execute these strategies include Gurnee Town Center, where we completed a series of transactions designed to stabilize the asset following a period of disruption related to bankruptcy activity and downsizing requests by certain tenants, 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.

Recycling Capital through Dispositions of Non-Core and Non-Strategic Assets

We believe that one of our primary strengths is the effective and efficient operation of multi-tenant retail assets. Accordingly, we plan to pursue opportunistic dispositions of non-core assets, which include our non-retail properties and our free-standing triple net retail properties, as well as select multi-tenant retail properties that we view as non-strategic in nature. We view non-strategic assets as those assets that are in markets where we do not have a significant presence or where we do not anticipate building a significant presence over time, or assets in markets identified as strategic, but where management believes that long-term demographic trends within the individual asset's submarket no longer justify continued investment. For example, in addition to our retail operating portfolio, as of December 31, 2011, we held interests in 12 office properties and three industrial properties, which had a total of 4.7 million square feet of GLA and represented 9.6% of our operating portfolio based on annualized based rent. From the end of 2007 through December 31, 2011, we have sold 31 non-core and non-strategic properties for an aggregate sales price of \$857.8 million. We anticipate using the proceeds from future dispositions to further improve our balance sheet, reinvest in our existing asset base, and selectively acquire multi-tenant retail properties that meet our underwriting criteria.

Acquiring High Quality, Multi-Tenant Retail Properties

Although we anticipate remaining a net seller of assets for the next 12 months, we intend to pursue a disciplined and targeted acquisition program focusing on high quality, multi-tenant retail properties. In evaluating potential acquisitions, we will focus on, among other things, projected returns on investment, geographic location, submarket demographics, anchor tenant type and credit-worthiness, and other identified asset specific attributes. Management has an extensive relationship with tenants and public and private owners of real estate and intends to utilize this network to source attractive opportunities going forward.

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We intend to leverage our leasing and property management platform through the formation, capitalization and management of joint ventures. In the past, we have partnered with strong institutional investors to supplement our capital base in a manner accretive to our shareholders. For example, in 2010, we formed a joint venture with a wholly-owned subsidiary of RioCan Real Estate Investment Trust, or RioCan, a real estate investment trust based in Canada. The RioCan joint venture has purchased nine properties from us since its formation for a total purchase price of \$280.0 million, including \$9.7 million in post-closing earnout proceeds, and also has purchased four multi-tenant retail properties from third parties for a combined purchase price of \$246.0 million. We earn property management, asset management and other customary fees from the RioCan joint venture and a separate joint venture with a large state pension fund, which totaled \$1.8 million and \$1.3 million in 2011 and 2010, respectively. We remain active in evaluating opportunities to further grow and enhance our existing joint ventures and believe that we are well positioned to strategically pursue additional joint ventures with high quality capital partners going forward.

Our Properties

The following table sets forth summary information regarding our operating portfolio as of December 31, 2011. Dollars (other than per square foot information) and square feet of GLA are presented in thousands in the table. This information is grouped into geographic regions based on the manner in which we have structured our property management and leasing operations.

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:							
North	83	10,626	30.7%	90.5%	\$ 136,163	31.6%	\$ 14.16
East	68	8,628	24.9%	90.5%	101,404	23.6%	12.98
West	50	7,806	22.5%	83.2%	91,276	21.2%	14.06
South	58	7,589	21.9%	86.4%	101,572	23.6%	15.50
Total Retail⁽⁵⁾	259	34,649	100.0%	87.9%	\$ 430,415	100.0%	\$ 14.13
Total Retail including leases signed but not commenced ⁽⁶⁾	259	34,649		90.4%	\$ 440,353		\$ 14.06
Office	12	3,335		96.5%	\$ 39,081		\$ 12.15
Industrial	3	1,323		100.0%	6,844		5.17
Total Office and Industrial	15	4,658		97.5%	\$ 45,925		\$ 10.12
Total Consolidated Operating Portfolio	274	39,307		89.1%	\$ 476,340		\$ 13.61
Total Unconsolidated Operating Portfolio⁽⁷⁾	24	4,508		91.4%	\$ 63,874		\$ 15.50

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

(2) Except as otherwise noted, based on leases commenced as of December 31, 2011, and calculated as leased GLA divided by total GLA.

(3) Excludes \$1.4 million of annualized base rent from our consolidated development properties. Rental abatements for leases commenced as of December 31, 2011, which are excluded, were \$0.1 million for our retail operating portfolio for the 12 months ending December 31, 2012. Annualized base rent does not reflect scheduled lease expirations for the 12 months ending December 31, 2012. The portion of the annualized base rent of our consolidated operating portfolio attributable to leases scheduled to expire during the 12 months ending December 31, 2012, including month-to-month leases, is approximately \$33.6 million.

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- (4) Represents annualized base rent divided by leased GLA.
- (5) Includes (i) 55 properties with 6.5 million square feet of GLA representing \$84.1 million of annualized base rent held in one joint venture in which we have a 77% 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 one non-stabilized operating property.
- (6) Includes leases signed but not commenced as of December 31, 2011 for approximately 843,000 square feet of GLA representing \$9.9 million of annualized base rent as of lease commencement.
- (7) Includes 20 properties with 4.3 million square feet of GLA representing \$62.5 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 \$1.4 million of annualized base rent held in one joint venture in which we have a 95.9% interest.

Industry Overview

Rosen believes that positive job growth combined with higher consumer confidence will continue to improve retail market conditions in 2012. Rosen forecasts that this growth in employment and consumer confidence is expected to boost retail demand, leading to increased retail sales. As demand increases, retailers are expected to absorb new space, and landlords should be able to increase rents at an accelerating pace because of the limited new supply entering the market. Rosen forecasts these factors to cause the national retail occupancy rate to continue to improve through 2015.

Since bottoming in February 2010, the economy has added more than 3.4 million jobs in the private sector through December 31, 2011. According to a January 2012 survey by Challenger Gray & Christmas, the number of hirings anticipated by surveyed firms totaled approximately 237,000 in the fourth quarter of 2011, up from about 161,000 anticipated hirings when surveyed one year earlier, highlighting businesses' higher confidence in the economic recovery. Rosen expects the annual rate of job creation to increase to 1.4% in 2012, followed by 0.9%, 1.3% and 1.5% growth in 2013, 2014 and 2015, respectively. In total, Rosen expects 6.85 million new jobs to be created between 2012 and 2015. Accordingly, the unemployment rate is forecasted to decline from 8.7% in 2011 to 7.0% in 2015.

Consumer confidence levels have increased from recessionary lows, even as uncertainty stemming from the European debt crisis and U.S. credit downgrade prevented the indices from improving more significantly in 2011. Consumers at year-end 2011 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 consumer expectation component of the index has increased significantly from its low of 27.3 in February 2009 to 76.4 in December 2011. Further, Rosen expects real per capita disposable income, a key metric for the retail industry, to grow by 2.8% annually between 2012 and 2015, compared with an estimated 3.0% average annual increase in 2010 and 2011.

Retail sales continued to recover in 2011, increasing at an average annual rate of 7.3% per month, bolstered by a strong 2011 holiday season. 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 in 2015 to more than \$1.1 trillion, an increase of more than \$115 billion from the fourth quarter of 2011. Moreover, 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 and/or clothing. Therefore, Rosen expects sales at these grocers and retailers to remain strong going forward.

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Even as the economy recovered, retail construction activity, as measured by the value of construction put-in-place, remained very low in 2011 because of the high vacancy rate and a lack of available construction financing. In the fourth quarter of 2011, the value of put-in-place construction totaled a seasonally adjusted annual rate of \$17.5 billion, compared with fourth-quarter averages of \$42.2 billion between 2002 and 2008. As demand rebounds, tenant competition for existing space is expected to increase due to the limited new supply entering the market. Rosen forecasts the value of inflation-adjusted, put-in-place construction to increase slightly to \$20.0 billion in 2012, and continue to remain well below the recent peak of \$46.8 billion in 2007.

As job growth and higher consumer confidence levels boost demand, Rosen expects retail market conditions to continue to improve in 2012. Rosen forecasts the national retail vacancy rate to continue to improve through 2015, and as vacant space is absorbed, landlords should be able to increase rents at an accelerating pace.

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 16 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.

Real estate investments are subject to various risks and fluctuations and cycles in value and demand, many of which are beyond our control. Our financial 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, including the European sovereign debt crisis, 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.

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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 years ended December 31, 2011, 2010 and 2009, 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 December 31, 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 unsecured revolving line of credit and unsecured 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.

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:

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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 ten 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 six months following the Listing, 12 months following the Listing and 18 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 18 months following the Listing.

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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. As of March 2, 2012, without giving effect to the Recapitalization, we had approximately 485.5 million shares of common stock outstanding. As of March 2, 2012, 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 194.2 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 48.55 million shares of our Class A Common Stock will be outstanding and approximately 145.65 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.

Our senior unsecured revolving line of credit and unsecured term loan limit our distributions to the greater of 95% of funds from operations, or 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, impairment charges not already excluded from FFO 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

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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 5.0% 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 provide similar quality services. During the year ended December 31, 2011, we paid a total of \$5.9 million to Inland Group affiliates under these arrangements, of which \$4.1 million was generally for the reimbursement of our portion of shared administrative costs and \$1.0 million was 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 formed as Inland Western Retail Real Estate Trust, Inc. and were 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. On March 8, 2012, we filed Articles of Amendment to our Fifth Articles of Amendment and Restatement with the Maryland State Department of Assessments and Taxation effecting a change of our name from Inland Western Retail Real Estate Trust, Inc. to Retail Properties of America, Inc. 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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Summary Consolidated Financial and Operating Data

The summary consolidated financial data set forth below as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The audited consolidated financial statements as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm. The selected consolidated financial and operating data set forth below as of December 31, 2009 has been derived from our audited consolidated financial statements not included in this prospectus. Certain amounts presented for the years ended December 31, 2010 and 2009 have been reclassified to conform to our presentation of discontinued operations in our audited consolidated financial statements as of and for the year ended December 31, 2011.

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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	Year Ended December 31,		
	2011	2010	2009
(in thousands except for per share data)			
Statements of Operations Data:			
Rental income	\$ 485,783	\$ 500,636	\$ 508,012
Tenant recovery income	109,745	113,326	119,805
Other property income	10,155	15,471	18,520
Insurance captive income		2,996	2,261
Total revenues	605,683	632,429	648,598
Property operating expenses	\$ 102,373	\$ 104,413	\$ 120,370
Real estate taxes	79,543	84,330	91,844
Depreciation and amortization	235,598	240,720	243,571
Provision for impairment of investment properties	38,023	11,030	27,600
Loss on lease terminations	8,712	13,812	13,681
Insurance captive expenses		3,392	3,655
General and administrative expenses	20,605	18,119	21,191
Total expenses	484,854	475,816	521,912
Operating income	\$ 120,829	\$ 156,613	\$ 126,686
Dividend income	2,538	3,472	10,132
Interest income	663	740	1,483
Gain on extinguishment of debt, net	16,705		
Equity in (loss) income of unconsolidated joint ventures, net	(6,437)	2,025	(11,299)
Interest expense	(232,400)	(257,208)	(228,271)
Co-venture obligation expense	(7,167)	(7,167)	(597)
Recognized gain on marketable securities, net	277	4,007	18,039
Impairment of notes receivable			(17,322)
Gain on interest rate locks			3,989
Other income (expense), net	1,861	(4,302)	(10,370)
Loss from continuing operations	(103,131)	(101,820)	(107,530)
Income (loss) from discontinued operations	24,647	7,113	(7,879)
Gain on sales of investment properties	5,906		
Net loss	(72,578)	(94,707)	(115,409)
Net (income) loss attributable to noncontrolling interests	(31)	(1,136)	3,074
Net loss attributable to Company shareholders	\$ (72,609)	\$ (95,843)	\$ (112,335)
(Loss) earnings per common share basic and diluted:			
Continuing operations	\$ (0.51)	\$ (0.53)	\$ (0.54)
Discontinued operations	0.13	0.03	(0.04)
Net loss per common share attributable to Company shareholders	\$ (0.38)	\$ (0.50)	\$ (0.58)
Comprehensive loss	\$ (75,130)	\$ (83,725)	\$ (96,158)
Comprehensive (income) loss attributable to noncontrolling interests	(31)	(1,136)	3,074
Comprehensive loss attributable to Company shareholders	\$ (75,161)	\$ (84,861)	\$ (93,084)

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	December 31, 2011		December 31,	
	As Adjusted ⁽¹⁾	Actual	2010	2009
(in thousands except for share and per share data)				
Selected Balance Sheet Data:				
Net investment properties less accumulated depreciation		\$ 5,260,788	\$ 5,686,473	\$ 6,103,782
Total assets		\$ 5,941,894	\$ 6,386,836	\$ 6,928,365
Mortgages and notes payable		\$ 2,926,218	\$ 3,602,890	\$ 4,003,985
Total liabilities		\$ 3,804,851	\$ 4,090,244	\$ 4,482,119
Common stock and additional paid-in-capital		\$ 4,428,171	\$ 4,383,758	\$ 4,350,966
Total shareholders' equity		\$ 2,135,024	\$ 2,294,902	\$ 2,441,550
Ratio Data:				
Total net debt to Adjusted EBITDA ⁽²⁾⁽⁶⁾		8.3x	8.4x	9.1x
Combined net debt to combined Adjusted EBITDA ⁽²⁾⁽⁶⁾		8.3x	8.5x	8.9x
Year Ended December 31,				
	2011	2010	2009	
(in thousands except for number of properties, share and per share data)				
Other Data:				
Number of consolidated operating properties		274 ⁽³⁾	284	299
Total GLA (in thousands)		39,307	42,491	44,496
Distributions declared per common share	\$	0.63	\$ 0.49	\$ 0.39
Funds from operations ⁽⁴⁾	\$	195,105	\$ 168,390	\$ 216,567
Total net operating income ⁽⁵⁾	\$	425,499	\$ 435,785	\$ 431,420
Combined net operating income ⁽⁵⁾	\$	435,060	\$ 441,274	\$ 435,206
Adjusted EBITDA ⁽⁶⁾	\$	400,646	\$ 429,734	\$ 438,891
Combined Adjusted EBITDA ⁽⁶⁾	\$	415,614	\$ 436,164	\$ 456,578
Cash flows provided by (used in):				
Operating activities	\$	174,607	\$ 184,072	\$ 249,837
Investing activities	\$	107,471	\$ 154,400	\$ 193,706
Financing activities	\$	(276,282)	\$ (321,747)	\$ (438,806)

- (1) Presents historical information as of December 31, 2011 as adjusted to give effect to (i) the amendment and restatement of our existing credit agreement to provide for a senior unsecured credit facility in the aggregate amount of \$650.0 million, without adjusting the December 31, 2011 balance of the senior unsecured credit facility, 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. 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.
- (3) Excludes one non-stabilized operating property.

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- (4) For a definition and reconciliation of 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 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 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. 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.

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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 financial 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 financial 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 (including the European sovereign debt crisis), 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 recent severe recession, 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.

In order to attract new tenants and retain existing tenants, 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.

Rents associated with new leases for the properties in our portfolio may be less than expiring rents (lease roll-down), 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 and the recent severe recession, 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. Since 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 also be required to offer greater rental concessions than we have historically. The rental rate spread between expiring leases and new 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 years ended December 31, 2011, 2010 and 2009, and we may experience future losses.

We had net losses attributable to Company shareholders of approximately \$72.6 million, \$95.8 million, and \$112.3 million for the years ended December 31, 2011, 2010 and 2009, respectively. If we continue to incur significant 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 could 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 December 31, 2011, approximately 11.8% of the GLA and approximately 15.0% 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 terms favorable to us, 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.

Approximately 12.1%, excluding leases signed but not commenced, of the total GLA in our retail operating portfolio was vacant as of December 31, 2011. In addition, leases accounting for approximately 32.2% of the annualized base rent in our retail operating portfolio as of December 31, 2011 are scheduled to expire between 2012 and 2014. 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, Mervyn's, 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

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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 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. On February 16, 2011, Borders Group, Inc., or Borders, a national retailer, which, as of December 31, 2010, leased from us approximately 220,000 square feet at 10 locations representing \$2.6 million of annualized base rent, 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 December 31, 2011, all Borders stores at locations within our portfolio had closed following completion of liquidation sales.

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 property 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 other 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 the acquisition of portfolios of properties, into our existing operations;

market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and

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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 redevelopment, acquisition, expansion and renovation activities, payments of principal and interest on and the refinancing of our existing debt, tenant improvements and leasing costs), 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 necessary 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 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 a 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 December 31, 2011, we held 55 operating properties with 6.5 million square feet of GLA and a portion of one other property with 0.3 million square feet of GLA in two consolidated joint ventures (excluding an operating phase of one recently developed operating property that has not yet reached initial stabilization held in one consolidated joint venture) and 24 operating properties with 4.5 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 or co-venturers;

prior consent of our joint venture partners or co-venturers 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 or co-venturers 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 or co-venturers may have competing interests in our markets that could create conflict of interest issues;

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

actions by partners or co-venturers might subject 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;

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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. As of December 31, 2011, we had guaranteed \$18.6 million of construction loans associated with certain of our wholly-owned and consolidated joint venture properties.

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 of 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.

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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, 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 terrorist acts could sharply increase the premium we pay for coverage against property and casualty claims. Further, mortgage lenders, in some cases, 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. 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.

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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 and 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 waste 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.

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 and may adversely impact our financial condition and results of operations.

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,

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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 flows 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 or any other asset 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 years ended December 31, 2011, 2010 and 2009, we recognized aggregate impairment charges related to investment properties and notes receivable of \$40.0 million, \$23.1 million and \$82.0 million, respectively (including \$2.0 million, \$12.0 million and \$37.1 million, respectively, reflected in discontinued operations). 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.

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 none for the years ended December 31, 2011 and 2010 and \$24.8 million for the year ended December 31, 2009. As

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of December 31, 2011, our net investment in marketable securities totaled \$30.4 million, which included \$18.3 million of accumulated unrealized net 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 unsecured revolving line of credit and unsecured 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 December 31, 2011, which could adversely affect our financial health and operating flexibility.

We have a substantial amount of indebtedness. As of December 31, 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 limits 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;

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;

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limiting our ability or increasing the costs to refinance indebtedness, including the \$527.4 million and \$879.3 million of our indebtedness maturing in 2012 and 2013, respectively;

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, 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 any one of our mortgage loans with cross-default provisions, which could 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 unsecured revolving line of credit and unsecured term loan or other debt agreements.

On February 24, 2012, we amended and restated our existing credit agreement to provide for a senior unsecured credit facility in the aggregate amount of \$650.0 million, consisting of a \$350.0 million senior unsecured revolving line of credit and a \$300.0 million unsecured term loan from a number of financial institutions. The credit agreement governing this senior unsecured revolving line of credit and unsecured term loan requires compliance with certain financial and operating covenants, including, among other things, a leverage ratio, certain coverage ratios and net worth covenants, a covenant regarding maximum secured indebtedness, 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. For a more detailed discussion regarding our covenants under the senior unsecured credit facility and our compliance with our leverage and fixed coverage charge ratios, see Management's Discussion and Analysis of Financial Condition and Results of Operations—Senior Unsecured Line of Credit—Financial Covenants. 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 unsecured revolving line of credit and unsecured 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, impairment charges not already excluded from FFO and other non-cash charges) or the amount necessary for us to maintain our qualification as a REIT. The senior unsecured revolving line of credit and unsecured 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 Retail Properties of America, 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, including \$50.8 million 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. These provisions could limit our ability to make distributions to our shareholders, obtain additional funds needed to

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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, a consolidated joint venture that owns a portfolio of investment properties, we entered into a lockbox and cash management agreement pursuant to which substantially all of the income generated by the IW JV properties is 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 and 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 December 31, 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 reduces the funds available for distributions required to maintain our status as a REIT and to avoid income and excise tax.

We have historically 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 annually distribute to our shareholders at least 90% of our 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 provide assurance 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 December 31, 2011, we had a total of \$3.3 billion, net of premium of \$10.9 million and discount of \$2.0 million, of indebtedness secured by 265 of our 274 operating properties and one non-stabilized operating property. 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.

As of March 2, 2012, we were in default on \$50.8 million of mortgage loans that had matured, which were secured by a total of two properties with 788,134 square feet of GLA representing \$7.3 million of annualized base rent as of December 31, 2011. We can provide no assurance that we will be able to restructure our current obligations under the mortgage loans that matured 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

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actions and loss of the underlying properties. In the event that we default on other mortgages in the future, either as a 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 since stabilized, 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 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 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 U.S. 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. In particular, we have become aware that a company that intended to qualify as a REIT that we had invested in during part of 2005 and 2006 may not have satisfied certain REIT requirements during the period we held its shares and such failure to qualify as a REIT would have caused us to lose our status as a REIT unless specific relief provisions are available to us. Although we believe we satisfied the requirements of those relief provisions and Goodwin Procter LLP has advised us that, although the issue is not free from doubt, based on, among other things, certain representations from us regarding the relevant facts and circumstances, we should be treated as having met these requirements, it is possible that the IRS or a court could disagree with these conclusions. In addition, 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 U.S. 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 could 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.

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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, taxes 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 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 the minimum amount specified under the Code. Moreover, our senior unsecured revolving line of credit and unsecured 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, impairment charges not already excluded from FFO 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 or sell assets 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.

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. There is no Internal Revenue Service, or IRS, guidance upon which we currently can rely regarding the minimum cash component of such dividends that will be required to achieve taxable treatment. The terms of any such cash and stock dividend, including the proportion of cash payable, would depend on our business needs and would take into account any guidance, public or private, that may be issued by the IRS in the future. No assurance can be given that the IRS will issue any future guidance in this area. 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 paid by corporations 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, Treasury 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, Treasury 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 fluctuations 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, provided we properly identify the hedge pursuant to the applicable sections of the Code and Treasury regulations. 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 prior, 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, share valuations and operations, among other things, including our representation that we are entitled to utilize, and will utilize, certain relief provisions, if necessary, to cure a possible failure of certain REIT requirements resulting from our investment in another company that intended to qualify (but may not have qualified) as a REIT. 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 opinion (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 **RPAI**, 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;

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;

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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 March 2, 2012, we had approximately 194.2 million shares of common stock issued and outstanding after giving effect to the Recapitalization, consisting of approximately 48.55 million shares of our Class A Common Stock and 145.65 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 145.65 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 48.55 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 six months, 12 months and 18 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, intends, plans, pro forma, estimates, contemplates, aims, continues, would or anticipates or the negative of those 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;

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;

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.

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 unsecured revolving line of credit. Our senior unsecured revolving line of credit matures on February 24, 2015, with a one-year extension option that we may exercise in certain circumstances, and bears interest at a variable rate equal to the London Interbank Offered Rate or, LIBOR, plus a margin of between 1.75% and 2.50% per annum or the alternative base rate plus a margin of between 0.75% and 1.50% per annum, both based on our leverage ratio as calculated under the credit agreement. The weighted average interest rate under the senior unsecured revolving line of credit and the unsecured term loan was 2.80% as of March 2, 2012. We used the amounts that we borrowed under our senior unsecured 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 Unsecured Revolving Line of Credit and Unsecured Term Loan for a further discussion of the terms of our senior unsecured 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 unsecured 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 unsecured 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 ten 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:

six months following the Listing, in the case of our Class B-1 Common Stock;

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

18 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 18 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 March 2, 2012, without giving effect to the Recapitalization, we had approximately 485.5 million shares of common stock outstanding. As of March 2, 2012, after giving effect to the Recapitalization, we would have had an aggregate of approximately 194.2 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 48.55 million shares of our Class A Common Stock will be outstanding and approximately 145.65 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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We intend to continue to qualify as a REIT for U.S. federal income tax purposes. The Code generally requires that a REIT annually distribute 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 unsecured revolving line of credit and unsecured 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, impairment charges not already excluded from FFO 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 16.

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

	Year Ended December 31,		
	2011	2010	2009
First Quarter	\$ 0.14844	\$ 0.10938	\$ 0.12188
Second Quarter	0.15625	0.11563	0.125
Third Quarter	0.15938	0.125	0.0625
Fourth Quarter	0.1625	0.14063	0.08125
Total	\$ 0.62657	\$ 0.49064	\$ 0.39063

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

	Years Ended December 31,		
	2011	2010	2009
Cash flows provided by operating activities	\$ 174,607	\$ 184,072	\$ 249,837
Distributions declared	120,647	94,579	75,040
Excess	\$ 53,960	\$ 89,493	\$ 174,797

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

Table of Contents**CAPITALIZATION**

The following table sets forth our capitalization as of December 31, 2011 on a historical basis and on an as adjusted basis to give effect to (i) the amendment and restatement of our existing credit agreement to provide for a senior unsecured credit facility in the aggregate amount of \$650.0 million, without adjusting the December 31, 2011 balance of the senior unsecured credit facility, and (ii) 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 December 31, 2011
	Historical
	As Adjusted
	(in thousands, except per share data)
Mortgages and notes payable	\$ 2,926,218
Secured credit facility ⁽¹⁾	555,000
Unsecured credit facility	
Shareholders' equity:	
Preferred stock, \$0.001 par value, 10,000 shares authorized, none outstanding, historical, as adjusted and as further adjusted	
Class A Common Stock, \$0.001 par value per share, 475,000 shares authorized, 48,382 shares issued and outstanding, historical and shares issued and outstanding, as adjusted	48
Class B-1 Common Stock, \$0.001 par value per share, 55,000 shares authorized, 48,382 shares issued and outstanding, historical and as adjusted	48
Class B-2 Common Stock, \$0.001 par value per share, 55,000 shares authorized, 48,382 shares issued and outstanding, historical and as adjusted	49
Class B-3 Common Stock, \$0.001 par value per share, 55,000 shares authorized, 48,383 shares issued and outstanding, historical and as adjusted	49
Additional paid-in capital	4,427,977
Accumulated distributions in excess of earnings	(2,312,877)
Accumulated other comprehensive income	19,730
Total shareholders' equity	2,135,024
Noncontrolling interests	1,494
Total equity	2,136,518
Total Capitalization	\$ 5,617,736

- (1) Our credit facility was amended and restated on February 24, 2012 to provide for a senior unsecured credit facility in the aggregate amount of \$650,000, consisting of a \$350,000 senior unsecured revolving line of credit, which matures in February 2015, and a \$300,000 unsecured term loan, which matures in February 2016.

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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 net tangible book value per share of our common stock immediately after this offering. References to our common stock include our Class A and Class B Common Stock collectively.

Our net tangible book value as of December 31, 2011 was approximately \$2.0 billion, or \$10.56 per share. 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 as adjusted net tangible book value as of December 31, 2011 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	\$
Net tangible book value per share of common stock as of December 31, 2011	\$ 10.56
Increase per share attributable to this offering	

As adjusted net tangible book value per share of common stock after this offering

Dilution per share to new investors	\$
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If the underwriters exercise their overallotment option in full, 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 193.5 million shares of our common stock outstanding as of December 31, 2011, on an actual basis after giving effect to the Recapitalization, and excludes:

69,400 shares of our common stock issuable upon the exercise of outstanding stock options as of December 31, 2011, at a weighted average exercise price per share of \$20.83; and

4,066,387 shares of our common stock reserved for future issuance under our incentive award plans as of December 31, 2011.

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SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The selected consolidated financial and operating data set forth below as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The audited consolidated financial statements as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm. The selected consolidated financial and operating data set forth below as of December 31, 2009, 2008 and 2007 and for the years ended December 31, 2008 and 2007 have been derived from our audited consolidated financial statements not included in this prospectus. Certain amounts presented for the years ended December 31, 2010, 2009, 2008 and 2007 have been reclassified to conform to our presentation of discontinued operations in our audited consolidated financial statements as of and for the year ended December 31, 2011.

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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	Year Ended December 31,				
	2011	2010	2009	2008	2007
(in thousands except for per share data)					
Statements of Operations Data:					
Rental income	\$ 485,783	\$ 500,636	\$ 508,012	\$ 541,392	\$ 524,680
Tenant recovery income	109,745	113,326	119,805	128,059	138,166
Other property income	10,155	15,471	18,520	19,568	14,318
Insurance captive income		2,996	2,261	1,938	1,890
Total revenues	605,683	632,429	648,598	690,957	679,054
Property operating expenses	\$ 102,373	\$ 104,413	\$ 120,370	\$ 138,622	\$ 129,844
Real estate taxes	79,543	84,330	91,844	85,839	83,330
Depreciation and amortization	235,598	240,720	243,571	243,659	234,513
Provision for impairment of investment properties	38,023	11,030	27,600	51,600	13,560
Loss on lease terminations	8,712	13,812	13,681	64,531	11,766
Insurance captive expenses		3,392	3,655	2,874	1,598
General and administrative expenses	20,605	18,119	21,191	19,997	16,535
Advisor asset management fee					23,750
Total expenses	484,854	475,816	521,912	607,122	514,896
Operating income	\$ 120,829	\$ 156,613	\$ 126,686	\$ 83,835	\$ 164,158
Dividend income	2,538	3,472	10,132	24,010	23,729
Interest income	663	740	1,483	4,329	13,649
Gain on contribution of investment properties					11,749
Gain on extinguishment of debt, net	16,705				2,486
Equity in (loss) income of unconsolidated joint ventures, net	(6,437)	2,025	(11,299)	(4,939)	96
Interest expense	(232,400)	(257,208)	(228,271)	(205,149)	(196,886)
Co-venture obligation expense	(7,167)	(7,167)	(597)		
Recognized gain (loss) on marketable securities, net	277	4,007	18,039	(160,888)	(19,967)
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), net	1,861	(4,302)	(10,370)	(1,062)	237
Loss from continuing operations	(103,131)	(101,820)	(107,530)	(660,082)	(749)
Income (loss) from discontinued operations	24,647	7,113	(7,879)	(23,131)	43,783
Gain on sales of investment properties	5,906				
Net (loss) income	(72,578)	(94,707)	(115,409)	(683,213)	43,034
Net (income) loss attributable to noncontrolling interests	(31)	(1,136)	3,074	(514)	(1,365)
Net (loss) income attributable to Company shareholders	\$ (72,609)	\$ (95,843)	\$ (112,335)	\$ (683,727)	\$ 41,669
(Loss) earnings per common share basic and diluted:					
Continuing operations	\$ (0.51)	\$ (0.53)	\$ (0.54)	\$ (3.43)	\$ (0.01)
Discontinued operations	0.13	0.03	(0.04)	(0.12)	0.24
Net (loss) earnings per common share attributable to Company shareholders	\$ (0.38)	\$ (0.50)	\$ (0.58)	\$ (3.55)	\$ 0.23
Comprehensive loss	\$ (75,130)	\$ (83,725)	\$ (96,158)	\$ (643,557)	\$ (5,963)

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Comprehensive (income) loss attributable to noncontrolling interests	(31)	(1,136)	3,074	(514)	(1,365)
Comprehensive loss attributable to Company shareholders	\$ (75,161)	\$ (84,861)	\$ (93,084)	\$ (644,071)	\$ (7,328)

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	December 31,					
	2011	2010	2009	2008	2007	
	As Adjusted ⁽¹⁾	Actual				
(in thousands except for share and per share data)						
Selected Balance Sheet Data:						
Net investment properties less accumulated depreciation		\$ 5,260,788	\$ 5,686,473	\$ 6,103,782	\$ 6,631,506	\$ 6,727,154
Total assets		\$ 5,941,894	\$ 6,386,836	\$ 6,928,365	\$ 7,606,664	\$ 8,305,831
Mortgages and notes payable		\$ 2,926,218	\$ 3,602,890	\$ 4,003,985	\$ 4,402,602	\$ 4,271,160
Total liabilities		\$ 3,804,851	\$ 4,090,244	\$ 4,482,119	\$ 5,011,276	\$ 4,685,539
Common stock and additional paid-in-capital		\$ 4,428,171	\$ 4,383,758	\$ 4,350,966	\$ 4,313,640	\$ 4,387,188
Total shareholders' equity		\$ 2,135,024	\$ 2,294,902	\$ 2,441,550	\$ 2,572,348	\$ 3,598,765
Ratio Data:						
Total net debt to Adjusted EBITDA ⁽²⁾⁽⁶⁾			8.3x	8.4x	9.1x	
Combined net debt to combined Adjusted EBITDA ⁽²⁾⁽⁶⁾			8.3x	8.5x	8.9x	
Year Ended December 31,						
	2011	2010	2009	2008	2007	
(in thousands except for number of properties, share and per share data)						
Other Data:						
Number of consolidated operating properties		274 ⁽³⁾	284	299	305	302
Total GLA (in thousands)		39,307	42,491	44,496	45,957	44,845
Distributions declared per common share		\$ 0.63	\$ 0.49	\$ 0.39	\$ 1.60	\$ 1.61
Funds from operations ⁽⁴⁾		\$ 195,105	\$ 168,390	\$ 216,567	\$ (265,896)	\$ 301,161
Total net operating income ⁽⁵⁾		\$ 425,499	\$ 435,785	\$ 431,420	\$ 464,021	
Combined net operating income ⁽⁵⁾		\$ 435,060	\$ 441,274	\$ 435,206	\$ 467,141	
Adjusted EBITDA ⁽⁶⁾		\$ 400,646	\$ 429,734	\$ 438,891		
Combined Adjusted EBITDA ⁽⁶⁾		\$ 415,614	\$ 436,164	\$ 456,578		
Cash flows provided by (used in):						
Operating activities		\$ 174,607	\$ 184,072	\$ 249,837	\$ 309,351	\$ 318,641
Investing activities		\$ 107,471	\$ 154,400	\$ 193,706	\$ (178,555)	\$ (511,676)
Financing activities		\$ (276,282)	\$ (321,747)	\$ (438,806)	\$ (126,989)	\$ 82,644

- (1) Presents historical information as of December 31, 2011 as adjusted to give effect to (i) the amendment and restatement of our existing credit agreement to provide for a senior unsecured credit facility in the aggregate amount of \$650.0 million, without adjusting the December 31, 2011 balance of the senior unsecured credit facility, 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 or 2007. 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

	2011 As Adjusted	As of December 31, Actual		2010 Actual	2009 Actual
		(in thousands)			
Total debt		\$ 3,481,218	\$ 3,757,237		\$ 4,110,985
Less: cash and cash equivalents		(136,009)	(130,213)		(125,904)
Net debt		\$ 3,345,209	\$ 3,627,024		\$ 3,985,081
Adjusted EBITDA ⁽⁶⁾		400,646	429,734		438,891
Net debt to Adjusted EBITDA		8.3x	8.4x		9.1x
Net debt		\$ 3,345,209	\$ 3,627,024		\$ 3,985,081
Add: pro rata share of our investment property unconsolidated joint ventures total debt		114,382	79,475		62,998
Less: pro rata share of our investment property unconsolidated joint ventures cash and cash equivalents		(13,238)	(1,527)		(4,116)
Combined net debt		\$ 3,446,353	\$ 3,704,972		\$ 4,043,963
Combined Adjusted EBITDA ⁽⁶⁾		415,614	436,164		456,578
Combined net debt to combined Adjusted EBITDA		8.3x	8.5x		8.9x

(3) Excludes one non-stabilized operating property.

(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 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 year ended December 31, 2007. 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 year ended December 31, 2007. 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

	2011	Year Ended December 31,		2008
		2010	2009	
		(in thousands)		
Total net loss from investment property unconsolidated joint ventures	\$ (16,683)	\$ (3,373)	\$ (14,393)	\$ (9,108)
Adjustments:				
Straight-line rental income	\$ (686)	\$ (979)	\$ (638)	\$ (527)
Amortization of acquired above and below market lease intangibles	391	55	50	(124)
Interest income	(8)	(2,361)	(2,430)	(2,675)
Straight-line ground rent expense			50	40
Straight-line bad debt expense	(54)	56		
Depreciation and amortization	32,462	14,355	12,501	12,633
Provisions for impairment	4,128		9,411	3,639
Loss on lease terminations	2,636	658	718	3,316
General and administrative expenses	1,230	1,092	411	237
Interest expense	17,007	12,951	13,431	12,279
Loss/(gain) on sale of investment properties	29	(451)	701	
Other expense	850	16	15	
Total NOI from investment property unconsolidated joint ventures	\$ 41,302	\$ 22,019	\$ 19,827	\$ 19,710
Pro rata share of NOI from investment property unconsolidated joint ventures	\$ 9,561	\$ 5,489	\$ 3,786	\$ 3,120
Total NOI	\$ 425,499	\$ 435,785	\$ 431,420	\$ 464,021
Combined NOI	\$ 435,060	\$ 441,274	\$ 435,206	\$ 467,141

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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. Loss on lease terminations in the reconciliation below excludes the write-off of tenant-related above and below market lease intangibles that are otherwise included in Loss on lease terminations in our consolidated statements of operations and other comprehensive loss. 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 or 2007. 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

	Year Ended December 31,		
	2011	2010	2009
	(in thousands)		
Net loss	\$ (72,578)	\$ (94,707)	\$ (115,409)
Interest expense	232,400	257,208	228,271
Interest expense (discontinued operations)	490	7,708	16,222
Depreciation and amortization	235,598	240,720	243,571
Depreciation and amortization (discontinued operations)	2,422	7,368	15,021
Loss on partial sales of investment properties		385	
Gain on sales of investment properties	(5,906)		
Gain on sales of investment properties, net (discontinued operations)	(24,509)	(23,806)	(26,383)
Gain on extinguishment of debt, net	(16,705)		
Loss on lease terminations	9,704	15,523	17,550
Loss on lease terminations (discontinued operations)	26	285	54
Provision for impairment of investment properties	38,023	11,030	27,600
Provision for impairment of investment properties (discontinued operations)	1,958	12,027	37,100
Impairment of notes receivable			17,322
Recognized gain on marketable securities, net			