INLAND REAL ESTATE CORP
Form 10-K
February 27, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ý Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For The Fiscal Year Ended December 31, 2014

or

o Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission File Number 001-32185

(Exact name of registrant as specified in its charter)

Maryland	36-3953261
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2901 Butterfield Road, Oak Brook, Illinois	60523
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: 877-206-5656

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of each exchange on which registered:
Common Stock, $0.01 par value	New York Stock Exchange
8.125% Series A Cumulative Redeemable Preferred Stock	New York Stock Exchange
6.950% Series B Cumulative Redeemable Preferred Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Title of each class:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during
the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for
the past 90 days. Yes ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to
be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to
submit and post such files). Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best
of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form
10-K. o

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý

As of June 30, 2014, the aggregate market value of the shares of common stock held by non-affiliates of the registrant was $935,020,051.

As of February 27, 2015 there were 100,408,450 shares of common stock outstanding.

Documents Incorporated by Reference: Portions of the registrant's proxy statement for the annual stockholders meeting to be held in 2015 are
incorporated by reference into Part III, Items 10, 11, 12, 13 and 14.

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INLAND REAL ESTATE CORPORATION
(a Maryland corporation)

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PART I

In this report, all references to “we,” “our” and “us” refer collectively to Inland Real Estate Corporation and its consolidated subsidiaries. All amounts in this Form 10-K are stated in thousands with the exception of per share amounts, per square foot amounts, square feet, number of properties, number of states, number of leases and number of employees.

Item 1. Business

General

We strive to be a leading owner and operator of high quality, necessity and value based retail centers in prime locations throughout the Central and Southeastern United States. We seek to provide predictable, sustainable cash flows and continually enhance shareholder value through the expert management and strategic improvement of our portfolio of premier retail properties.

We are a Maryland corporation formed on May 12, 1994. To date, we have focused on acquiring and owning open-air neighborhood, community and power shopping centers and single-tenant retail properties located primarily in the Central United States. Through our wholly-owned subsidiaries, Inland Commercial Property Management, Inc. and Inland TRS Property Management, Inc., we manage all of the properties we own interests in as well as properties for certain third parties and related parties. Our investment properties are typically anchored by grocery, drug or discount stores, which provide everyday goods and services to consumers, rather than stores that sell discretionary items. We seek to acquire properties with high quality tenants and attempt to mitigate the impact of tenant defaults by maintaining a diversified tenant base.

Approximately fifty-five percent of our total retail portfolio (including consolidated and unconsolidated properties, but excluding properties owned through our joint venture with Inland Private Capital Corporation ("IPCC")) gross leasable area (“GLA”) is located in the Chicago Metropolitan Statistical Area (“MSA”), with our second largest market concentration being approximately eighteen percent in the Minneapolis-St. Paul MSA. We have implemented a multi-year plan to expand our geographic footprint within the Central and Southeastern United States. As of December 31, 2014, we owned interests in 159 investment properties, including those owned through our unconsolidated joint ventures, comprised of:

- Forty-eight neighborhood retail centers totaling approximately 3,649,000 gross leasable square feet;
- Thirty-two community centers totaling approximately 3,625,000 gross leasable square feet;
- Forty power centers totaling approximately 6,498,000 gross leasable square feet;
- One lifestyle center totaling approximately 564,000 gross leasable square feet; and
- Thirty-eight single-user properties totaling approximately 854,000 gross leasable square feet.

The following chart shows the allocation of our portfolio by property type, based on percentage of gross leasable square feet:

(a) A neighborhood center is convenience-oriented and is typically anchored by a grocer.
(b) A community center has a focus on general merchandise with a wider range of soft goods offerings than neighborhood centers.
(c) A lifestyle center is an upscale, national-chain specialty center with dining and entertainment in an outdoor setting.
(d) A power center includes category dominant anchors with only a few small tenants.

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Management has implemented a strategic plan to accelerate internal growth, improve and diversify our portfolio and strengthen our balance sheet, with the ultimate goal of obtaining an investment-grade rating. The components of the plan are as follows:

- Continue to improve our tenant diversification and expand our geographic concentration, with increased footprints in the Central and Southeastern United States.
- Continue to enhance the value of our portfolio through additional repositioning and redevelopment initiatives.
- Redeploy capital from dispositions of non-core, limited growth assets into acquisitions of high quality retail assets.
- Continue to reduce the cost and extend the term of our debt and reduce our overall leverage over time, which we believe will improve our financial flexibility and liquidity by allowing us to maintain access to multiple sources of capital.

In addition, we are executing a multi-faceted growth plan that includes acquisitions and developments across our targeted markets, including:

- acquisitions for our consolidated portfolio of both core and value-add assets;
- asset-based joint ventures, such as our joint venture with PGGM Private Real Estate Fund ("PGGM"), that allow us to leverage our partner's capital to acquire high-quality, core assets in our targeted markets;
- development joint ventures with MAB American Retail Partners, LLC ("MAB") and other local developers to acquire new retail centers at better-than-market pricing; and
- our joint venture with IPCC, through which we source, acquire and manage properties for individuals and entities intending to invest in Delaware Statutory Trust ("DST") entities.

Our joint venture with IPCC, originally formed in 2006, leverages our respective skill sets to access the growth potential of the DST market and increase our fee income. In accordance with this joint venture agreement, we source properties and provide financing, acquisition and asset management expertise to the venture. IPCC provides syndication expertise and access, through Inland Securities Corporation, to a network of broker-dealers that market the properties to DST investors. We believe our joint venture with IPCC enables us to effectively manage our capital resources due to the revolving nature of the investment capital and is a capital-efficient means to generate additional transaction fee income and a long-term asset and management fee income stream which is received for managing properties for these entities.

The PGGM joint venture was formed in June 2010 to acquire grocery-anchored and community retail centers located in Midwestern U.S. markets. The joint venture was fully funded during the initial two-year investment period and in October 2012, we completed an amendment to the joint venture agreement, to increase the maximum contributions of each partner. As of December 31, 2014, the PGGM joint venture had acquired stabilized retail assets with an acquisition value of approximately $762,000. We and PGGM share in the profits and losses of the joint venture in accordance with our respective ownership percentages, a 55% equity interest for us and a 45% equity interest for PGGM. This joint venture enables us to generate fee income via the acquisition, leasing, and property management services we provide to the venture.

In 2013, we entered into a joint venture to develop grocery-anchored shopping centers in select markets throughout the southeastern U.S. with MAB, an affiliate of Melbourne, Australia-based MAB Corporation. The five-year development program is expected to target metropolitan areas in the Carolinas, Georgia, Florida, Virginia and Washington D.C. MAB Corporation is a privately owned property development company and fund manager that has completed retail, office, multi-family and industrial projects at locations in Australia, New Zealand and the U.S. Under the terms of the joint venture agreement, we have exclusive rights to all grocery-anchored, build-to-suit opportunities in the southeastern U.S. sourced by MAB. Upon site approval by us, we will provide 90% of the equity

required to fund approved project costs, while MAB will be responsible for the remaining 10% of the equity, plus venture management, sourcing and acquisition of sites, project financing and all property and development duties. The joint venture agreement also provides that we will purchase each grocery-anchored center at a discount to fair market value after stabilization. A typical project likely will consist of a 50,000-square-foot grocery store with approximately 20,000 square feet of additional retail space. As of December 31, 2014, there were no acquisitions through this joint venture, however, the joint venture has three sites under contract, with closings anticipated during 2015.

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Competition

In seeking new investment opportunities, we compete with other real estate companies, and at our current investment properties, we compete with other owners of similar properties for tenants.

Our business is competitive. We compete with other property owners for tenants on the basis of location, rental rates, operating expenses, visibility, quality of the property, volume of traffic, strength and name recognition of other tenants at each location and other factors. These competitive factors affect the level of occupancy and rental rates that we are able to achieve at our investment properties. In addition, our tenants compete against other forms of retailing such as catalog companies and e-commerce websites that offer similar retail products. To remain competitive, we evaluate all of the factors affecting our centers and try to position them accordingly. We believe that retailers consider consumer demographics; quality, design and location of properties; the diversity of the retailers and anchor tenants at our investment property locations; management and operational expertise; and rental rates, when making their leasing decisions. Considering these factors, we believe the overall quality and location of our individual properties allow us to effectively compete for retailers in our markets. Because our revenues are ultimately linked to our tenant’s success, we are indirectly affected by the same competitive factors, such as consumer spending habits and on-line shopping, as our tenants.

Segments

We assess and measure operating results on an individual property basis. Because all of our investment properties exhibit highly similar economic characteristics, generally have tenants that offer products catering to the day-to-day living needs of individuals and offer similar degrees of risk and opportunities for growth, the shopping centers have been aggregated and reported as one operating segment. See Note 17 "Segment Reporting" to the accompanying consolidated financial statements for a discussion of our segment reporting. Information for each of the last five fiscal years about revenues, a measure of income and total assets, can be found in Item 6 of this Form 10-K.

Significant Tenants

We derive significant revenues from anchor tenants such as TJX Companies, Inc., AB Acquisitions LLC and Carmax, which are the three largest anchor tenants in our consolidated portfolio and accounted for 3.2%, 3.0% and 2.9%, respectively of our consolidated annualized base rent for the year ended December 31, 2014.

Tax Status

We have qualified and elected to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the “Code”) for federal income tax purposes commencing with the tax year ended December 31, 1995. Because we qualify for taxation as a REIT, we generally are not subject to federal income tax on taxable income that is distributed to stockholders. A REIT is subject to a number of organizational and operational requirements, including a requirement that we distribute at least 90% of our taxable income to our stockholders, subject to certain adjustments. If we fail to qualify as a REIT in any taxable year, without the benefit of certain relief provisions of the Code, we will be subject to federal and state income taxes on our taxable income at regular corporate tax rates. Even if we qualify for taxation as a REIT, we may be subject to certain state and local taxes on our income, property or net worth and federal income and excise taxes on our undistributed income.

We engage in certain activities through our wholly-owned taxable REIT subsidiaries, Inland Venture, LLC ("IV LLC") (formerly known as Inland Venture Corporation), Inland Exchange Venture, LLC (“IEV LLC”) (formerly known as Inland Exchange Venture Corporation) and Inland TRS Property Management, Inc. These taxable REIT subsidiaries engage in activities that would otherwise produce income that would not be REIT qualifying income,

including, but not limited to, managing properties owned through certain of our joint ventures and the sales of ownership interests through our IPCC joint venture. The taxable REIT subsidiaries are subject to federal and state income and franchise taxes from these activities.

Employees

As of December 31, 2014, we employed a total of 141 people, none of whom are represented by a union.

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Environmental Matters

We review and monitor compliance with federal, state and local provisions, which have been enacted or adopted regulating the discharge of material into the environment, or otherwise relating to the protection of the environment. For the year ended December 31, 2014, we did not incur any material capital expenditures for environmental control facilities nor do we anticipate incurring material amounts during the remainder of the current fiscal year or the year ending December 31, 2016.

We believe that all of our investment properties comply in all material respects with all federal, state and local environmental laws, ordinances and regulations regarding hazardous or toxic substances. The environmental condition of our investment properties may be adversely affected by our tenants, by conditions of near-by properties or by unrelated third parties. All of our investment properties have been subjected to Phase I or similar environmental audits at the time they were acquired. These audits, performed by independent consultants, generally involved a review of records and visual inspection of the property. These audits did not include soil sampling or ground water analysis. These audits may not, however, have revealed all potential environmental liabilities. Additionally, we periodically engage third party environmental specialists to complete site inspections on certain investment properties, namely those occupied by dry cleaners, oil change facilities and print shops, to ensure that the environmental condition of the respective property has not changed. No audits have revealed, nor are we aware of any environmental liability that we believe will have a material adverse effect on our operations.

Green Initiatives

We are a member of the U.S. Green Building Council ("USGBC"), which allows us the ability to monitor and comment on conservation and sustainability trends in the marketplace. We made a commitment to improving energy efficiency since sustainability became a national concern and long before Leadership in Energy and Environmental Design ("LEED") certification became possible for existing buildings and operations. Over the past decade, many initiatives have been undertaken at the centers we own and manage that have resulted in reductions of energy consumption, waste and improved maintenance cycles. Also, the savings we have obtained through the implementation of these initiatives makes our properties more competitive in the leasing marketplace. Some initiatives that we have implemented are:

- Locally grown drought and salt tolerant native grasses and perennials are utilized with smart irrigation controllers ensuring lower fuel waste for delivery, plant materials that can thrive in the environment and reduced water usage.
- Electric timers allow each light pole to be remotely activated as needed with up to 30% turned off by midnight. New pulse start ballasts and bulbs are being phased in to replace old ballasts. New fixture head designs and configurations improve the quality of lighting at the same or less wattage. Electricity savings results in a payback of three years.
- New HVAC equipment is specified at a minimum of 12 SEER (Seasonal Energy Efficiency Ratings) and economizers to reduce mechanical cooling loads and variable speed blowers reduce energy consumption.
- Roof replacements are being specified with minimum R-19 insulation and TPO (Thermoplastic Polyolefin) membrane systems to reduce cooling loads and improve heat retention.
- Alternative transportation is supported through the use of bicycle racks at all shopping centers and establishment of public bus stops on or adjacent to properties.
- Many national tenants have implemented their own initiatives including the use of energy management systems, use of more natural lighting, reduction of waste production, improved recycling programs and use of more renewable source materials.

Intellectual Property

The Inland name and our logo are used under license from The Inland Group, Inc. The license permits our use of the Inland name and our logo in connection with the business of acquiring, owning, operating, managing and disposing of neighborhood retail centers and community centers in the continental United States. The term of the license is indefinite but shall be terminable upon the occurrence of certain events, including but not limited to a change of control, the filing of a claim or lien upon a substantial portion of our assets which is not released, expunged or dismissed within 60 days of filing and which would have a material adverse effect on our business or a general assignment of our assets for the benefit of any creditor.

Executive Officers

The following sets forth certain information with regard to our executive officers as of January 1, 2015:

Mark E. Zalatoris, age 57, has served as our president and chief executive officer since April 2008 and previously served as executive vice president and chief operating officer from 2004 to 2008, and as chief financial officer and senior vice president from 2000 to 2004.

Brett A. Brown, age 50, has served as our executive vice president since 2011 and chief financial officer and treasurer since 2008. From 2008 to 2011, Mr. Brown served as our senior vice president. Mr. Brown joined us in May 2004 as vice president and chief financial officer.

Beth Sprecher Brooks, age 60, has served as our senior vice president since 2008 and as our general counsel and secretary since 2006. Ms. Sprecher Brooks joined us in November 2002, became assistant vice president in 2003 and vice president in 2005.

D. Scott Carr, age 49 has served as our executive vice president of portfolio management and chief investment officer since 2011 and has served as the president of Inland Commercial Property Management, Inc., a wholly-owned subsidiary of ours, since 1995. Mr. Carr became senior vice president of portfolio management in 2008.

William W. Anderson, age 56, has served as our senior vice president, transactions, since 2012 and previously served as our vice president, transactions since 2000.

Certifications

We have filed with the SEC the chief executive officer and chief financial officer certifications required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, which are attached as Exhibits 31.1 and 31.2 to this Annual Report on Form 10-K. In addition, we have filed the certification of our chief executive officer with the New York Stock Exchange (“NYSE”) for 2014 as required pursuant to Section 303A.12(a) of the NYSE Listed Company Manual. Our chief executive officer certified that he was not aware of any violation by us of the NYSE’s corporate governance listing standards as of the date of the certification.

Algonquin Commons

In June 2012, a wholly-owned Company subsidiary ceased paying the monthly debt service on the two mortgage loans secured by Algonquin Commons. The Company subsidiary had hoped to reach an agreement with the special servicer that would have revised the loan structure to make continued ownership of the property economically feasible. In January 2013, the Company subsidiary received notice that a complaint had been filed by the purported successor to the lender, alleging events of default under the loan documents and, among other things, seeking to foreclose on the property. In connection with the complaint, the plaintiff filed a motion for appointment of a receiver and the court granted the motion and issued an order effective February 28, 2013, appointing a receiver for the property. As a result, the receiver and its affiliated management company are now managing and operating Algonquin Commons and are collecting all rents for the property. Please see our full disclosure of this matter in Item 3 "Legal Proceedings" which is incorporated into this Item 1 "Business."

Access to Company Information

We make available, free of charge, through our website, and by responding to requests addressed to our director of investor relations, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and

all amendments to those reports. These reports are available as soon as reasonably practical after such material is electronically filed or furnished to the SEC. Our website address is www.inlandrealestate.com. This reference to our website is not intended to incorporate any information contained on our website or on other websites to which we provide hyperlinks by reference into this annual report on Form 10-K.

Item 1A. Risk Factors

Set forth below are the risk factors that we believe are material to our investors. The occurrence of any of the risks discussed in this Annual Report on Form 10-K could have a material adverse effect on our business, financial condition, results of operations and ability to pay distributions.

Real Estate Risks

Our performance and value are subject to risks associated with our real estate assets and with the real estate industry. Our economic performance and the value of our real estate assets, and consequently the value of your shares, are subject to the risk that if our properties do not generate revenues sufficient to meet our operating expenses, including debt service and capital expenditures, our cash flow and ability to pay distributions to you will be adversely affected. The following factors, among others, may adversely affect the income generated by our properties:

- downturns in the national, regional and local economic climate;
- competition from other retail properties and other retail channels;
- local real estate market conditions, such as oversupply or reduction in demand for retail properties;
- changes in interest rates and availability of financing;
- vacancies, changes in market rental rates and the need to periodically repair, renovate and re-lease space;
- increased operating costs, including, but not limited to, insurance expense, utilities, real estate taxes, state and local taxes, and heightened security costs;
- decreased tenant recovery income as a result of decreased occupancy;
- civil disturbances, natural disasters, or terrorist acts or acts of war which may result in uninsured or underinsured losses; and
- declines in the financial condition of our tenants and our ability to collect rents from our tenants.

Our retail tenants face competition from numerous retail channels, which may reduce our profitability and ability to pay distributions. Retailers at our properties face continued competition from discount or value retailers, factory outlet centers, wholesale clubs, mail order catalogs and operators, television shopping networks and Internet shopping. Such competition could adversely affect our tenants and, consequently, our revenues and funds available for distribution.

Tenants may vacate spaces at the end of their leases or in breach of their leases, fail to pay their rent, declare bankruptcy, become involved in transformational corporate transactions, or seek to restructure their leases. We derive substantially all of our revenue from leasing space at our investment properties. Thus, our results may be negatively affected by the failure of tenants to pay rent when due. We may experience substantial delays and expense enforcing rights against tenants who do not pay their rent or who seek the protection of the bankruptcy laws. Even if a tenant does not seek the protection of the bankruptcy laws, the tenant may from time to time experience a downturn in its business which may weaken its financial condition and its ability to make rental payments when due, leading the tenant to seek to end, or revise, its lease. Tenants, particularly tenants that are branches of national corporations, may also become involved in transformational corporate transactions, such as mergers and acquisitions, which could also lead them to seek to end, or revise, their leases.

Loss of revenues from significant tenants could reduce distributions to preferred and common stockholders and have a material adverse effect on our business. We derive significant revenues from anchor tenants such as TJX Companies, Inc., AB Acquisitions LLC and Carmax, which are the three largest anchor tenants in our consolidated portfolio and accounted for 3.2%, 3.0% and 2.9%, respectively of our consolidated annualized base rent for the year ended December 31, 2014. Vacated anchor space can reduce rental revenues generated by other spaces in the shopping center because of the loss of the departed anchor tenant's customer drawing power. An anchor may vacate, but continue to pay rent for the balance of the term, which could hinder our efforts to re-tenant that space. If a significant

tenant vacates a property, then other tenants at the property may be entitled to terminate their leases or reduce the amount of their rental obligations. The loss of a significant number of the locations of these anchor tenants, or their failure to pay rent when due, or at all, could have a material adverse effect on our business. Distributions to stockholders could be adversely affected by the loss of revenues in the event a tenant becomes bankrupt or insolvent; experiences a downturn in its business; materially defaults on its leases; does not renew its leases as they expire; or renews at lower rental rates.

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Leases on approximately 6% of total leased square feet in our consolidated portfolio and approximately 3% in our unconsolidated portfolio expire during 2015. As leases expire, we may not be able to renew or re-lease space at rates comparable to, or better than, the rates contained in the expiring leases, or at all. Leases on approximately 577,000 square feet, or approximately 6% of total leasable square feet of approximately 10,483,000 in our consolidated portfolio, will expire prior to December 31, 2015. Leases on approximately 134,000 square feet, or approximately 3% of total leasable square feet of approximately 4,706,000 in our unconsolidated portfolio, will expire prior to December 31, 2015. If we fail to renew or re-lease space at rates that are at least comparable to the rates on expiring leases, revenues at the impacted properties will decline. Further, we may have to spend significant sums of money to renew or re-lease space covered by expiring leases.

We compete with numerous other parties or entities for real estate and tenants. We compete with numerous other persons or entities seeking to buy real estate assets, or to attract tenants to properties we already own, including REITs or other real estate operating companies. These persons or entities may have greater experience and financial strength. There is no assurance that we will be able to acquire additional real estate assets or attract tenants on favorable terms, if at all. For example, our competitors may be willing to purchase properties at prices that result in yields below what we believe is our minimum required yield or may offer space at properties that compete with ours at rental rates below our existing rates, causing us to lose existing or potential tenants and pressuring us to reduce our rental rates to retain existing tenants or convince new tenants to lease space at our properties.

Property taxes may increase. We are required to pay taxes based on the assessed value of our investment properties determined by various taxing authorities such as state or local governments. These taxing authorities may increase the tax rate imposed on a property or may reassess property value, either of which would increase the amount of taxes due on that property.

We face risks associated with property acquisitions. Our acquisition activities and their success are subject to the following risks:

- we may be unable to obtain financing for acquisitions on favorable terms or at all;
- acquired properties may fail to perform as expected;
- the actual costs of repositioning and redeveloping acquired properties may be higher than our estimates;
- we are seeking to expand our market area and may acquire properties in areas where we do not have substantial experience in, or knowledge of, the market and may lack business relationships and may be unfamiliar with local governmental and permitting procedures; and
- we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations.

Properties that we acquire may be subject to unknown liabilities that affect the value and profitability of these properties. Properties that we own or may acquire may expose us to liabilities that are unknown at the time we acquire such properties, which could affect the value of and revenue generated by the property. Unknown liabilities might include:

- liabilities for cleanup or remediation of undisclosed environmental conditions;
- claims of tenants, vendors or other persons dealing with the entities prior to our acquisition of such properties (that had not been asserted or threatened prior to our acquisition; and
- liabilities incurred in the ordinary course of business.

We may not be able to quickly vary our portfolio. Investments in real estate are relatively illiquid and generally cannot be disposed of quickly. In addition, the federal tax code restricts REIT's ability to dispose of properties that are

not applicable to other types of real estate companies. Therefore, we may not be able to vary our portfolio in response to economic or other conditions promptly or on terms favorable to us within a time frame that we would need to avoid losses in the value of properties in our portfolio.

Market disruptions may adversely affect the value of our investment properties. Market volatility has exerted, and may in the future exert downward pressure on the value of certain of our investment properties and our unconsolidated joint ventures. For example, during the years ended December 31, 2014, 2013 and 2012, we recorded approximately $222, $5,748 and $722, respectively of impairment charges related to certain consolidated properties. The impairment charges were required because

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we did not expect to recover the carrying value through future cash flows, including sales proceeds. Similarly, during the year ended December 31, 2013, we recorded approximately $692 (amount equal to our pro rata share of impairment charges on certain unconsolidated development joint venture projects) to reflect the properties at fair value and we recorded approximately $10,468 in impairment losses to record our investment in certain unconsolidated joint ventures at their fair values. No impairment adjustments to unconsolidated investments or unconsolidated joint venture properties were recorded or required during the years ended December 31, 2014 and 2012. There is no assurance we will be able to recover any of these charges upon sales of the impacted properties.

Investment Risks

Indebtedness that we incur may adversely impact our liquidity and operating flexibility and may impact our ability to pay dividends on our preferred stock and distributions on our common stock. As of December 31, 2014, we had approximately $822,767 in face value of indebtedness, $382,767 of which was secured by mortgages on certain of our investment properties. We may incur additional indebtedness and become more highly leveraged, which could further adversely impact our financial position and operating flexibility and limit our cash available to pay dividends or make distributions. As a result, we may not have sufficient funds remaining to pay dividends or make distributions on our preferred and common stock. Increases in our borrowing and the resulting increase in our leverage could affect our financial condition and make it more difficult for us to comply with our financial covenants governing our indebtedness.

If we pay distributions that exceed our cash flow from operations, we will have less funds available for other purposes and the amount of distributions may not be sustainable. For the year ended December 31, 2014, we paid distributions totaling approximately $10,077 and $56,955 to our preferred and common stockholders, respectively. Our net cash provided by operating activities was approximately $82,465. For the year ended December 31, 2013, we paid distributions totaling approximately $8,937 and $54,011 to our preferred and common stockholders, respectively. Our net cash provided by operating activities was approximately $69,006. To the extent that net cash provided by operating activities declines, we may be forced to consider reducing our distributions or the amount that we pay in cash in order to preserve a cushion between the amount of cash distributions paid and net cash provided by operating activities. To the extent that we pay cash distributions exceeding net cash provided by operating activities, the amount of our distribution payments may not be sustainable or we may use funds generated by financing or investing activities which could further reduce the amount of cash available for other purposes including acquiring new investment properties, funding capital expenditures on existing investment properties, funding cash requirements for our various joint ventures or repaying debt. If these other requirements cannot be reduced, we will likely be forced to reduce the amount of our cash distributions.

We cannot assure you we will continue to pay distributions at historical rates. Our ability to continue to pay distributions on our shares of common stock at historical rates or to increase the distribution amount and our ability to pay preferred share dividends will depend on a number of factors, including, among others, the following:

- our financial condition and results of future operations;
- the performance of lease terms by tenants;
- the terms of our loan covenants; and
- our ability to acquire, finance, develop or redevelop and lease additional properties at attractive rates.

Failure to maintain or increase the amount of distributions we pay on our common stock could have an adverse effect on the market price of our common and preferred stock. Further, payment of dividends on our shares of common stock is subject to payment in full of the dividends on our preferred shares.

Our shareholders have experienced dilution as a result of our stock offerings and they may experience further dilution if we issue additional stock. The issuance of additional shares of our common or preferred stock, including under our

DRP or our equity award plans, may have a dilutive effect on our earnings and funds from operations per share and will reduce the percentage of that class of stock outstanding owned by investors who do not participate in these issuances. Shareholders are not entitled to vote on whether or not we issue additional stock already authorized for issuance. In addition, depending on the terms and pricing of future issuances of our stock and the value of our properties, our existing shareholders may experience dilution in the value of their shares.

Changes in market conditions could adversely affect the market price of our preferred and common stock. The trading price of our shares of preferred or common stock, like other publicly traded equity securities, depends on various market conditions that may change from time to time. Among the market conditions that could affect the market price of our preferred and common stock are the following:

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- the extent of investor interest in our securities;
- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- material economic concerns;
- changes in tax laws;
- changes in interest rates;
- our financial performance; and
- general stock and bond market conditions.

Our common stock may trade at prices that are higher or lower than our net asset value per share of common stock. If, among other things, our future earnings or cash distributions are less than expected, it is likely that the market price of our preferred and common stock will decline.

Our objectives may conflict with those of our joint venture partners. We own certain of our investment properties, through joint ventures with third parties. In some cases, we control the joint venture and in some cases we are a minority partner. Investments in joint ventures involve risks that are not otherwise present with properties which we own entirely. For example, a joint venture partner may file for bankruptcy protection or may have economic or business interests or goals which are inconsistent with our goals or interests. Further, although we may own a controlling interest in a joint venture and may have authority over major decisions such as the sale or refinancing of investment properties, we may have fiduciary duties to the joint venture partners or the joint venture itself that may cause, or require, us to take or refrain from taking actions that we would otherwise take if we owned the investment properties outright. Certain joint venture commitments require us to invest cash in non-operating property under development and in properties that do not necessarily meet our investment criteria but which are offered for syndication through our joint venture with IPCC. In some cases, capital has been committed for periods longer than expected, for example, when development or syndication takes longer than anticipated thus impacting our liquidity and capital resources.

Loss of our key personnel could adversely affect the value of our common shares and operations. We are dependent on the efforts of our key executive personnel. Although we believe qualified replacements could be found for these key executives, the loss of their services could adversely affect the value of our common shares and operations.

We have a high concentration of properties in the Chicago and the Minneapolis-St. Paul MSA's, and adverse economic and other developments in that area could have a material adverse effect on us. As of December 31, 2014, approximately fifty-five percent of our total retail portfolio (including consolidated and unconsolidated properties, but excluding properties owned through our joint venture with IPCC) GLA was located in the Chicago, Illinois MSA, with our second largest market concentration being approximately eighteen percent in the Minneapolis-St. Paul, Minnesota MSA. As a result, we are particularly susceptible to adverse economic and other developments in these areas, including increased unemployment, industry slowdowns, business layoffs or downsizing, relocations of businesses, decreased consumer confidence, 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.

Certain provisions of Maryland law or our charter or bylaws or opposition from large stockholders could delay, defer or prevent a takeover or change in our control that would be beneficial our stockholders. Certain provisions of the Maryland General Corporation Law, or MGCL, may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control. Such an acquisition or change of control could provide you with the opportunity to realize a premium over the then-prevailing market price of your shares. In some cases, such provisions may have the effect of permitting us and our board of directors to negotiate a change-in-control transaction on terms most favorable to us and our stockholders, but in other cases they may have the effect of delaying such a transaction or preventing it from happening at all. These MGCL provisions include:

“business combination” provisions that, subject to limitations, prohibit certain business combinations between us and an “interested stockholder” for certain periods. An “interested stockholder” is generally 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 the voting power of our then outstanding voting stock. A person is not an interested stockholder under the statute if our board of directors approved

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in advance the transaction by which he otherwise would have become an interested stockholder. Business combinations with an interested stockholder are prohibited for five years after the most recent date on which the stockholder becomes an interested stockholder. After that period, the MGCL imposes two super-majority voting requirements on such combinations, and

- "control share" provisions that provide that "control shares" of our company acquired in a "control share acquisition" have no voting rights unless holders of two-thirds of our voting stock (excluding interested shares) consent. "Control shares" are shares that, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors. A "control share acquisition" is the direct or indirect acquisition of ownership or control of "control shares" from a party other than the issuer.

We have opted out of the control share provisions of the MGCL by means of a provision in our bylaws. However, we may opt in to the control share provisions of the MGCL in the future by amending our bylaws, which our board of directors can do without stockholder approval.

Our charter and bylaws contain provisions that also may delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or otherwise be beneficial stockholders. In an effort to protect our ability to qualify as a REIT, our charter generally provides that no single person or group of persons (an entity is considered a person) may own more than 9.8% of our outstanding shares of common stock (unless permitted by the board). Although the board may waive the application of these provisions to certain persons, they are not obligated to do so. This 9.8% ownership limit and other provisions of our charter and bylaws may prevent or discourage a third party from making a tender offer or other business combination proposal such as a merger that might have been beneficial to our stockholders.

Daniel L. Goodwin is one of our directors and beneficially owns, as of the date of this Annual Report on Form 10-K, approximately 12.5% of our common stock both individually and through The Inland Group, Inc. ("TIGI"). Mr. Goodwin is one of the founders of TIGI and owns a controlling interest in that entity. The Company has engaged and may continue to engage in certain transactions with affiliates of TIGI. See the "Certain Relationships and Related Party Transactions" section in the Company's annual meeting proxy statement and Note 16, "Transactions with Related Parties" to the consolidated financial statements in this Annual Report on Form 10-K for details regarding certain of these transactions. Without the support of the Company's significant stockholders such as Mr. Goodwin and TIGI, change of control transactions, such as mergers, sales of assets and business combinations that could give stockholders the opportunity to realize a premium over the then-prevailing market prices for common shares may be more difficult to consummate, and this difficulty may discourage third parties from approaching the Company to propose such transactions. The interests of the Company's significant stockholders may differ from the interests of other stockholders, and those significant stockholders may vote their shares accordingly.

Financing Risks

We often need to borrow money to finance our business. Our ability to internally fund operating or capital needs is limited because we must distribute at least 90% of our taxable income, subject to certain adjustments, to stockholders to qualify as a REIT. Consequently, we may have to borrow money to fund operating or capital needs or to satisfy the distribution requirements, imposed by the Code, to maintain status as a REIT. Borrowing money exposes us to various risks. For example, our investment properties may not generate enough cash to pay the principal and interest obligations on loans or we may violate a loan covenant that results in the lender accelerating the maturity date of a loan. As of December 31, 2014, our borrowings totaled approximately $822,767 in face value of consolidated debt. Approximately $382,767 of this debt is secured by mortgages on certain of our investment properties and is non-recourse to us. The remaining $440,000 is comprised of unsecured debt reflecting draws on our line of credit facility and borrowings under our term loans.

If we fail to make timely payments on our debt, including those cases where a lender has accelerated the maturity date due to a violation of a loan covenant, the lenders could foreclose on the investment properties securing the loan and we could lose our entire investment on any foreclosed properties. Once a loan becomes due, we must either pay the remaining balance or borrow additional money to pay off the maturing loan. We may not, however, be able to obtain a new loan, or the terms of the new loan, such as the interest rate or payment schedule, may not be as favorable as the terms of the maturing loan. Thus, we may be forced to sell a property at an unfavorable price to pay off the maturing loan or agree to less favorable loan terms. In addition, we may have limited availability under our line of credit facility which may reduce our ability to borrow funds.

A total of approximately $100,385 and $9,265 of our indebtedness, including required monthly principal amortization, with weighted average interest rates on the maturing debt of 5.45% and 5.00%, respectively, matures on or before December 31, 2015 and 2016, respectively. We intend to repay this debt using available cash, by borrowing amounts under our unsecured line of credit facility or by refinancing the maturing debt, or some combination of all these. There is no assurance we will be able to

do so and we may incur significantly higher borrowing costs, all of which could have a material adverse effect on our results of operations and financial condition. Included in the debt maturing in 2015 are two mortgage loans, with an aggregate outstanding principal balance of approximately $90,247, secured by Algonquin Commons. These loans have matured and the property is currently subject to foreclosure litigation.

As of December 31, 2014, we owed approximately $440,000, or 53% of our total outstanding debt, on indebtedness that bore interest at variable rates with a weighted average of 1.89% per annum. These rates are reset each month. A 1.0% annualized increase in these variable rates would have increased our interest expense by approximately $4,400 for the year ended December 31, 2014. We may borrow additional amounts that bear interest at variable rates. If interest rates increase, the amount of interest that we would be required to pay on these borrowings will also increase. Additionally, if lending requirements become stricter, we may find it difficult to encumber properties with terms similar to our current loan terms. This could result in a decrease in the number of properties we are able to purchase or principal and/or interest payments higher than recent historical levels. Higher interest payments could have a material adverse effect on our results of operations and would result in a decrease in the amount of cash available for distribution to holders of our common stock.

Our degree of leverage could limit our ability to obtain additional financing, negatively affect the market price of our common stock and reduce cash available for distributions and other uses. As of December 31, 2014, we had approximately $822,767 in total face value of indebtedness outstanding on a consolidated basis (excluding unconsolidated joint venture debt). Additionally, there was a total face value of approximately $330,020 of outstanding debt incurred by our unconsolidated joint ventures, of which our pro rata share was approximately $172,645. Debt to total market capitalization ratio, which measures total debt as a percentage of the aggregate of total debt plus the market value of outstanding equity securities, is often used by analysts to gauge leverage for a REIT. Our debt to total market capitalization ratio was approximately 38.6%, excluding unconsolidated joint venture debt, and 43.2%, including our pro rata share of unconsolidated joint venture debt, as of December 31, 2014. This ratio will increase with declines in our stock price, which closed at $10.95 on December 31, 2014, or with increases in our borrowing, all of which could have a material adverse effect on the trading price of our stock. In addition, our degree of leverage could affect our ability to obtain additional financing for working capital, capital expenditures, acquisitions, development or other general corporate purposes. Our degree of leverage could also make us more vulnerable to a downturn in business or the economy generally. In addition, a greater amount of debt relative to our peer group could have a negative effect on our stock price.

Covenants in our debt agreements could adversely affect our financial condition. The mortgages on our properties contain customary covenants such as those that limit our ability, without the prior consent of the lender, to borrow additional monies secured by the property or to discontinue insurance coverage, among other things. Covenants on our unsecured line of credit facility also limit our ability to incur indebtedness above certain levels and require us to satisfy certain conditions before borrowing, such as maintaining certain total debt to asset ratios, secured debt to total asset ratios, debt service coverage ratios and minimum ratios of unencumbered assets to unsecured debt, among others. If we breach covenants in our debt agreements, the lenders can declare a default and, if the debt is secured, can take possession of the property securing the defaulted loan unless we are able to repay the loan. Failure to comply with these covenants could cause a default under the applicable debt agreement, and we may then be required to repay this debt. Under those circumstances, we may not have sufficient resources to repay this debt.

To hedge against interest rate fluctuations, we may use derivative financial instruments that may be costly and ineffective and may reduce the overall returns on your investment. From time to time we have used, and may in the future use, derivative financial instruments to hedge exposures to changes in interest rates on loans secured by our assets. Derivative instruments may include interest rate swap contracts, interest rate cap or floor contracts, futures or forward contracts, options or repurchase agreements. Our actual hedging decisions will be determined in light of the facts and circumstances existing at the time of the hedge and may differ from our currently anticipated hedging

strategy.

To the extent that we use derivative financial instruments to hedge against interest rate fluctuations, we will be exposed to credit risk, basis risk and legal enforceability risks. In this context, credit risk is the failure of the counterparty to perform under the terms of the derivative contract. If the fair value of a derivative contract is positive, the counterparty owes us, which creates credit risk for us. Basis risk occurs when the index upon which the contract is based is more or less variable than the index upon which the hedged asset or liability is based, thereby making the hedge less effective. Finally, legal enforceability risks encompass general contractual risks including the risk that the counterparty will breach the terms of, or fail to perform its obligations under, the derivative contract. We do not believe the risk of counterparty nonperformance is material due to the current economic conditions, but there can be no assurance it will not become material in the future.

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A Company subsidiary stopped making payments on the debt encumbering Algonquin Commons and is defending a resulting lawsuit that seeks, among other things, to enforce its partial guarantee of the loan; if the Company subsidiary is required to perform under the partial guarantee, paying the guarantee could have a material adverse effect on our cash flows and results of operations for the period and the year in which the payment would be made. In June 2012, a wholly-owned Company subsidiary ceased paying the monthly debt service on the two mortgage loans secured by both phases of the investment property known as Algonquin Commons, because the property was not generating sufficient cash flow to resume paying both principal and interest payments on the outstanding debt. The total outstanding principal balance of the debt on both phases of the property is $90,247, of which $71,647 is non-recourse and approximately $18,600, for which the payment guarantee is additional collateral, has been guaranteed by the Company subsidiary. In January 2013, the Company subsidiary received notice that a complaint had been filed by the purported successor to the lender alleging events of default under the loan documents and seeking to foreclose on the property. Effective February 28, 2013, the court granted a motion of the plaintiff and appointed a receiver for the property. As a result, the receiver and its affiliated management company are managing and operating Algonquin Commons and are collecting all rents for the property. The Company cannot currently estimate the impact the dispute will have on its consolidated financial statements and may not be able to do so until a final outcome has been reached. The Company believes that, if the Company subsidiary is required to pay the full amount outstanding under the payment guarantee or a foreclosure occurs, there could be a material adverse effect on our cash flows and results of operations for the period and the year in which it occurs. We believe these events would not have a material effect on our consolidated balance sheets because there would be a corresponding reduction in both the assets and liabilities on our consolidated balance sheets. Even if we have to make payment under the payment guarantee, we believe that the effect of a foreclosure of the property and release of the corresponding debt on our consolidated balance sheets will result in an improvement in certain financial ratios, and the collective effect of the payment, foreclosure and release will be neutral to Funds From Operations ("FFO").

Federal Income Tax Risks

If we fail to qualify as a REIT in any taxable year, our operations and distributions to stockholders will be adversely affected. We intend to operate so as to continue qualifying as a REIT under the Code. A REIT generally is not taxed at the corporate level on income it currently distributes to its stockholders. Qualification as a REIT involves the application of highly technical and complex rules for which there are only limited judicial or administrative interpretations. The determination of various factual matters and circumstances is not entirely within our control and may affect our ability to qualify, or continue to qualify, as a REIT. New legislation, new regulations, administrative interpretations or court decisions could significantly change the tax laws with respect to qualifying as a REIT or the federal income tax consequences of qualification.

We may fail to qualify as a REIT if, among other things:

- less than 75% of the value of our total assets consists of cash and cash items (including receivables), real estate assets (including mortgages and interests in mortgages) and government securities at the close of each fiscal quarter;
- securities of any one issuer (other than permitted securities, such as government securities or mortgages) represent more than 5% of the value of our total assets; however, up to 25% of the value of our total assets may be represented by securities of one or more taxable REIT subsidiaries;
- we own more than 10% of the outstanding voting securities of any one issuer or more than 10% of the value of the outstanding securities of a single issuer other than certain permitted securities, such as government securities or mortgages, and securities in a taxable REIT subsidiary;
- less than 75% of our gross income (excluding income from prohibited transactions) is derived from real estate sources. These sources include mortgage interest, rents from real property, amounts received as consideration to enter into real estate leases or to make a loan secured by a mortgage and gains from the sale of real estate assets;
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less than 95% of our gross income is derived from the income items included in the 75% test and also includes interest income, dividend income and gains from the sale of securities; or

- we fail to distribute at least 90% of our taxable income, subject to certain adjustments, to stockholders.

If we were to fail to qualify as a REIT in any taxable year and were not entitled to relief under the Code:

- we would not be allowed to deduct dividends paid to stockholders when computing our taxable income;

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- we would be subject to federal (including any applicable alternative minimum tax) and state income tax on our taxable income at regular corporate rates;
- we would be disqualified from being taxed as a REIT for the four taxable years following the year during which we failed to qualify, unless entitled to relief under certain statutory provisions;
- we would have less cash to pay distributions to stockholders; and
- we may be required to borrow additional funds or sell some of our assets in order to pay corporate tax obligations we may incur as a result of being disqualified.

We face possible adverse changes in tax laws. From time to time, changes in federal, state and local tax laws or regulations are enacted, which may result in an increase in our tax liability. The shortfall in tax revenues at the federal, state and municipal government levels in recent years may lead to an increase in the frequency and size of these changes. If these changes occur, we may be required to pay additional taxes on our income, property or net worth and may be assessed interest and penalties on such additional taxes.

In certain circumstances, we may be subject to federal and state income taxes as a REIT, which would reduce our cash available to pay distributions. Even if we maintain our status as a REIT, we may become subject to federal income taxes and related state taxes. For example, if we have net income from a “prohibited transaction,” we will incur taxes equal to the full amount of the income from the prohibited transaction. We may not be able to make sufficient distributions to avoid excise taxes applicable to REITs. We also may decide to retain income we earn from the sale or other disposition of our property and pay income tax directly on this income. In that event, our stockholders would be treated as if they earned that income and paid the tax on it directly. However, stockholders that are tax-exempt, such as charities or qualified pension plans, would have to file income tax returns to receive a refund of the income tax paid on their behalf. We also may be subject to state and local taxes on our income, property or net worth, either directly or at the level of the other companies through which we indirectly own our assets. Any federal or state taxes paid by us will reduce our cash available to pay distributions.

Distributions to tax-exempt investors may be classified as unrelated business tax income. The Code may classify distributions paid to a tax-exempt investor as unrelated business tax income, or UBTI, if the investor borrows money to purchase our shares.

In order to maintain our REIT status, we may be forced to borrow funds during unfavorable market conditions. In order to maintain our REIT status, we may need to borrow funds on a short-term basis to meet the REIT distribution requirements, even if the then prevailing market conditions are not favorable for these borrowings. To qualify as a REIT, we generally must distribute to our stockholders at least 90% of our taxable income, subject to certain adjustments, each year. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. We may need short-term debt or long-term debt, proceeds from asset sales, creation of joint ventures or sale of common stock to fund required distributions as a result of differences in timing between the actual receipt of income and the recognition of income for federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of reserves or required debt or amortization payments.

Insurance Risks

Some potential losses are not covered by insurance. We continue to monitor the state of the insurance market in general, and the scope and costs of coverage for acts of terrorism in particular, but we cannot anticipate what coverage will be available on commercially reasonable terms in future policy years. Under the Terrorism Risk Insurance Act of 2002, which has been extended through the end of 2020, the federal government bears part of the cost required to make terrorism insurance available under property and casualty insurance policies, but there can be no assurance that

insurance coverage for terrorism will be available on affordable terms, or at all. There are other types of losses, such as from wars, acts of nuclear, biological or chemical terrorism or the presence of mold at our properties, for which we cannot obtain insurance at all or at a reasonable cost. With respect to these losses and losses from acts of terrorism, earthquakes or other catastrophic events, if we experience a loss that is uninsured or that exceeds policy limits, we could lose the capital invested in the damaged properties, as well as the anticipated future revenues from those properties.

Potential liability for environmental contamination could result in substantial costs. Under federal, state and local environmental laws, ordinances and regulations, we may be required to investigate and clean up the effects of releases of

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hazardous or toxic substances or petroleum products at our properties simply because of our current or past ownership or operation of our real estate. If environmental problems arise, we may have to make substantial payments because:

- as owner or operator we may have to pay for property damage and for investigation and clean-up costs incurred in connection with the contamination;
- the law typically imposes clean up responsibility and liability regardless of whether the owner or operator knew of or caused the contamination;
- even if more than one person may be responsible for the contamination, each person who shares legal liability under the environmental laws may be held responsible for all of the cleanup costs; and
- governmental entities and third parties may sue the owner or operator of a contaminated site for damages and costs.

These costs could be substantial and in extreme cases could exceed the value of the contaminated property. The presence of hazardous or toxic substances or petroleum products or the failure to properly remediate contamination may materially and adversely affect our ability to borrow against, sell or rent an affected property.

In addition, applicable environmental laws create liens on contaminated sites in favor of the government for damages and costs it incurs in connection with a contamination. Changes in laws increasing the potential liability for environmental conditions existing at our properties, or increasing the restrictions on the handling, storage or discharge of hazardous or toxic substances or petroleum products or other actions, may result in significant unanticipated expenditures.

Environmental laws also govern the presence, maintenance and removal of asbestos. These laws require that owners or operators of buildings containing asbestos:

- properly manage and maintain the asbestos;
- notify and train those who may come into contact with asbestos; and
- undertake special precautions, including removal or other abatement, if asbestos would be disturbed during renovation or demolition of a building.

These laws may impose fines and penalties on building owners or operators who fail to comply with these requirements and may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos fibers.

Some of our properties are located in urban, industrial and previously developed areas where fill or current or historic industrial uses of the areas have caused site contamination. It is our policy to retain independent environmental consultants to conduct Phase I environmental site assessments and asbestos surveys for each property we seek to acquire. These assessments generally include a visual inspection of the properties and the surrounding areas, an examination of current and historical uses of the properties and the surrounding areas and a review of relevant state, federal and historical documents, but do not involve invasive techniques such as soil and ground water sampling. Where appropriate, on a property-by-property basis, our practice is to have these consultants conduct additional testing, including sampling for asbestos, for lead in drinking water, for soil contamination where underground storage tanks are or were located or where other past site usage create a potential environmental problem, and for contamination in groundwater. Additionally, we periodically engage third party environmental specialists to complete site inspections on certain investment properties, namely those occupied by dry cleaners, oil change facilities and print shops, to ensure that the environmental condition of the respective property has not changed. Even though these environmental assessments are conducted, there is still the risk that:

- the environmental assessments and updates did not identify all potential environmental liabilities;
-

a prior owner created a material environmental condition that is not known to us or the independent consultants preparing the assessments;

- new environmental liabilities have developed since the environmental assessments were conducted; and
- future uses or conditions such as changes in applicable environmental laws and regulations could result in environmental liability for us.

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Inquiries about indoor air quality may necessitate special investigation and, depending on the results, remediation beyond our regular indoor air quality testing and maintenance programs. Indoor air quality issues can stem from inadequate ventilation, chemical contaminants from indoor or outdoor sources, and biological contaminants such as molds, pollen, viruses and bacteria. Indoor exposure to chemical or biological contaminants above certain levels can be alleged to be connected to allergic reactions or other health effects and symptoms in susceptible individuals. If these conditions were to occur at one of our properties, we may need to undertake a targeted remediation program, including without limitation, steps to increase indoor ventilation rates and eliminate sources of contaminants. These remediation programs could be costly, necessitate the temporary relocation of some or all of the property's tenants or require rehabilitation of the affected property.

Compliance or failure to comply with the Americans with Disabilities Act or other safety regulations and requirements could result in substantial costs. The Americans with Disabilities Act generally requires that public buildings, including shopping centers, be made accessible to disabled persons. Noncompliance could result in the imposition of fines by the federal government or the award of damages to private litigants. We may be required to invest substantial amounts of capital to make, among other things, substantial alterations in one or more of our properties, including the removal of access barriers, to comply with the Americans with Disabilities Act.

Our properties are also subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these requirements, we could incur fines or private damage awards. We do not know whether existing requirements will change or whether compliance with future requirements will require significant unanticipated expenditures.

We face risks relating to cybersecurity attacks, loss of confidential information and other business disruptions. Our business is at risk from and may be impacted by cybersecurity attacks, including attempts to gain unauthorized access to our confidential data and other electronic security breaches. Such cyber-attacks can range from individual attempts to gain unauthorized access to our information technology systems to more sophisticated security threats. There is no guarantee that our efforts to prevent, detect and mitigate these threats, including password protection, backup servers and periodic testing, will be successful in preventing a cyber-attack. Cybersecurity incidents could compromise the confidential information of our tenants, employees and third party vendors and disrupt and affect the efficiency of our business operations.

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Item 1B. Unresolved Staff Comments

As of the date of this Annual Report on Form 10-K, we had no outstanding unresolved comments from the Commission staff regarding our periodic or current reports.

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Item 2. Properties

As of December 31, 2014, we owned fee simple interests in 100 investment properties (excluding properties owned by unconsolidated joint ventures), comprised of 12 single-user retail properties, 35 Neighborhood Retail Centers, 25 Community Centers, 27 Power Centers and 1 Lifestyle Center. These investment properties are located in the states of Florida (1), Illinois (66), Indiana (5), Minnesota (18), Nebraska (1), Ohio (2), and Wisconsin (7). Most tenants of the investment properties are responsible for the payment of some or all of the real estate taxes, insurance and common area maintenance. For additional details related to investment property encumbrances, see "Real Estate and Accumulated Depreciation" (Schedule III) herein.

Property	City	State	Gross Leasable Area (Sq Ft)	Date Acq.	Year Built/ Renovated	Financial Occupancy (1)		Average Rent Per Square Foot (2)	Anchor Tenants (3)
Single-User									
Carmax	Schaumburg	IL	93,333	12/98	1998	100	%	$22.47	Carmax
Carmax	Tinley Park	IL	94,518	12/98	1998	100	%	20.36	Carmax
Cub Foods	Hutchinson	MN	60,208	01/03	1999	100% (4)		10.29	Cub Foods (4)
Freeport Commons	Freeport	IL	24,049	12/98	1998	100	%	11.50	Staples
Fresh Market	Lincolnshire	IL	20,414	10/12	2013	100	%	16.12	The Fresh Market
Glendale Heights Retail	Glendale Heights	IL	68,879	09/97	1997	100% (4)		11.90	Dominick's (4)
Mosaic Crossing	West Chicago	IL	78,271	01/98	1990/2013	100	%	4.00	Old Time Pottery
Park Square Outlot (fka Park Square)	Brooklyn Park	MN	5,620	08/02	1998	100	%	20.50	None
PetSmart	Gurnee	IL	25,692	04/01	1997	100	%	15.62	PetSmart
Pick 'N Save	Waupaca	WI	63,780	03/06	2002	100	%	11.47	Pick 'N Save
Roundy's	Menomonee Falls	WI	103,611	11/10	2010	100	%	16.25	Super Pick 'N Save
Verizon	Joliet	IL	4,504	05/97	1995	100	%	43.17	None
Neighborhood Retail Centers									
22nd Street Plaza Outlot	Oakbrook Terrace	IL	9,970	11/97	1985/2004	100	%	45.00	None
Big Lake Town Square	Big Lake	MN	67,858	01/06	2005	96	%	12.47	Coborn's Super Store
Brunswick Market Center	Brunswick	OH	119,540	12/02	1997/1998	96	%	12.56	Buehler's Fresh Foods
Cliff Lake Centre	Eagan	MN	74,182	09/99	1988	87	%	13.45	None
Cobbler Crossing	Elgin	IL	102,643	05/97	1993	92	%	11.45	Jewel Osco
Downers Grove Market	Downers Grove	IL	103,419	03/98	1998	95	%	18.78	Angelo Caputo's

Dunkirk Square	Maple Grove	MN	89,340	09/99	1998	99% (4)		14.46	Rainbow (4), Dollar Tree
Eastgate Center	Lombard	IL	129,101	07/98	1959/2000	83	%	6.93	Ace Hardware, Illinois Dept. of Employment
Edinburgh Festival	Brooklyn Park	MN	91,563	10/98	1997	95	%	9.11	Festival Foods
Elmhurst City Centre	Elmhurst	IL	39,090	02/98	1994	100	%	16.18	Walgreens
Forest Lake Marketplace	Forest Lake	MN	93,853	09/02	2001	98% (4)		13.13	Cub Foods
Grand Hunt Center Outlot	Gurnee	IL	21,194	12/96	1996	100	%	20.63	None
Hammond Mills	Hammond	IN	78,801	05/99 12/98	1998/1999/2011	100	%	12.87	Food 4 Less
Hickory Creek Market Place	Frankfort	IL	55,831	08/99	1999	92	%	14.50	Goodwill
Iroquois Center	Naperville	IL	140,981	12/97	1983	71	%	9.82	Planet Fitness, Xilin Association, Big Lots
Maple View	Grayslake	IL	105,642	03/05	2000/2005	98	%	14.32	Jewel Osco
Medina Marketplace	Medina	OH	92,446	12/02	1956/1999/ 2010	98	%	10.79	Giant Eagle
Mundelein Plaza	Mundelein	IL	16,803	03/96	1990	100	%	13.72	None
Nantucket Square	Schaumburg	IL	56,981	09/95	1980	91	%	14.07	Go Play/Kidtown USA
Oak Forest Commons	Oak Forest	IL	108,563	03/98	1998	82	%	12.45	Food 4 Less, O'Reilly Auto Parts
Oak Forest Commons III	Oak Forest	IL	7,424	06/99	1999	24	%	24.58	None
Plymouth Collection	Plymouth	MN	45,915	01/99	1999	100	%	17.80	Golf Galaxy
Ravinia Plaza	Orland Park	IL	101,605	10/06	1990	98	%	16.23	Whole Foods Market, Pier 1 Imports, Eva's Bridal
Regal Showplace	Crystal Lake	IL	89,928	03/05	1998	100	%	20.81	Regal Cinemas
Rose Plaza	Elmwood Park	IL	24,204	11/98	1997	100	%	19.80	Binny's Beverage Depot
Schaumburg Plaza	Schaumburg	IL	57,965	06/98	1994	95	%	12.58	Jo-Ann, Party City
Shoppes at Mill Creek	Palos Park	IL	102,422	03/98	1989	100	%	13.54	Jewel Osco
Shops at Cooper's Grove	Country Club Hills	IL	72,518	01/98	1991	18	%	16.95	None
Six Corners Plaza	Chicago	IL	80,596	10/96	1966/2005	96	%	13.58	L.A. Fitness, CW Price
St. James Crossing	Westmont	IL	49,994	03/98	1990	97	%	16.57	None
Townes Crossing	Oswego	IL	105,989	08/02	1988	92	%	10.78	Jewel Osco
	Wauconda	IL	90,167	08/06	1997			13.51	

Wauconda Crossings						97% (4)			Dominick's (4), Walgreens
Wauconda Shopping Center	Wauconda	IL	34,286	05/98	1988	100	%	12.89	Dollar Tree
Westriver Crossings	Joliet	IL	32,452	08/99	1999	90	%	19.54	None
Woodland Heights	Streamwood	IL	120,436	06/98	1956/1997	94	%	8.41	Jewel Osco, U.S. Postal Service
Community Centers									
Apache Shoppes	Rochester	MN	60,780	12/06	2005/2006	100	%	12.66	Trader Joe's, Chuck E. Cheese's

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Property	City	State	Gross Leasable Area (Sq Ft)	Date Acq.	Year Built/ Renovated	Financial Occupancy (1)		Average Rent Per Square Foot (2)	Anchor Tenants (3)
Community Centers									
Aurora Commons	Aurora	IL	126,908	01/97	1988/2013	71	%	12.96	Ross Dress for Less, Dollar Tree, Fallas Paredes
Bergen Plaza	Oakdale	MN	262,525	04/98	1978	60	%	8.21	Cub Foods, Dollar Tree
Bohl Farm Marketplace	Crystal Lake	IL	97,287	12/00	2000	98	%	13.92	Dress Barn, Barnes & Noble, Buy Buy Baby
Burnsville Crossing	Burnsville	MN	97,210	09/99	1989/2010	99	%	11.19	PetSmart, Becker Furniture World
Chatham Ridge	Chicago	IL	175,991	02/00	1999	100	%	19.19	Food 4 Less, Marshall's, Anna's Linens
Chestnut Court	Darien	IL	172,918	03/98	1987/2009	95	%	10.98	X-Sport Fitness, Tuesday Morning, Jo-Ann, Oakridge Hobbies & Toys, Ross Dress for Less, Salvation Army Family Store
Goldenrod Marketplace	Orlando	FL	91,497	12/13	2013	91	%	16.64	LA Fitness, Marshall's
Greentree Centre & Outlot	Racine	WI	169,268	02/05	1990/1993	94	%	8.21	Pick 'N Save, K-Mart
Hawthorn Village Commons	Vernon Hills	IL	98,806	08/96	1979	98	%	15.14	Dollar Tree, Hobby Lobby
Lansing Square	Lansing	IL	56,613	12/96	1991	31	%	18.74	None
Marketplace at Six Corners	Chicago	IL	116,941	11/98	1997	100	%	17.04	Jewel Osco, Marshall's
Mokena Marketplace	Mokena	IL	49,058	03/14	2008	76	%	22.09	Party City, PetSmart
Orchard Crossing	Ft. Wayne	IN	130,131	04/07	2008	85	%	13.90	Gordmans, Dollar Tree
Park Avenue Centre	Highland Park	IL	64,943	06/97	1996/2005	100	%	12.28	Staples, TREK Bicycle Store, Illinois Bone and Joint
Park Center	Tinley Park	IL	132,288	12/98	1988	84	%	14.75	Charter Fitness, Chuck E. Cheese's, Old Country Buffet, Sears Outlet
Park St. Claire	Schaumburg	IL	83,259	05/97 12/96	1994/1996	100	%	18.07	Dominick's (4)
Shingle Creek Center	Brooklyn Center	MN	39,146	09/99	1986	91% (4)		11.15	None
Shops at Orchard Place	Skokie	IL	159,091	12/02	2000	98	%	26.18	DSW Shoe Warehouse, Ulta, Pier 1 Imports, Petco, Walter E Smithe, Party City, Nordstrom

									Rack
Skokie Fashion Square	Skokie	IL	84,857	12/97	1984/2010	95	%	13.51	Ross Dress for Less, Produce World
Skokie Fashion Square II	Skokie	IL	7,151	11/04	1984/2010	53	%	49.50	None
Thatcher Woods Center	River Grove	IL	187,710	04/02	1969/1999	86	%	11.90	Walgreens, Hanging Garden Banquet, Binny's Beverage Depot, Sears Outlet, Dominick's (subleased to Rich's Food)
The Plaza	Brookfield	WI	107,952	02/99	1985	94% (4)		15.42	CVS, Guitar Center, Hooters
Two Rivers Plaza	Bolingbrook	IL	57,900	10/98	1994	91	%	12.17	Marshall's, Pier 1 Imports
University Center	St. Paul	MN	43,645	09/99	1998	100	%	10.61	High School for the Recording Arts
Power Centers									
Baytowne Shoppes/Square	Champaign	IL	118,305	02/99	1993	99	%	17.04	Staples, PetSmart, Party City, Citi Trends, Ulta
Bradley Commons	Bourbonnais	IL	174,348	11/11	2007/2011	99	%	13.91	Shoe Carnival, Ulta, Bed, Bath & Beyond, Dick's Sporting Goods, Petco
Crystal Point	Crystal Lake	IL	357,914	07/04	1976/1998/ 2012	97	%	9.30	Best Buy, K-Mart, Bed, Bath & Beyond, The Sports Authority, World Market, Ross Dress for Less, The Fresh Market
Deertrace Kohler	Kohler	WI	149,924	07/02	2000	98	%	10.48	The Boston Store, TJ Maxx, Dollar Tree, Ulta, Jo-Ann
Deertrace Kohler II	Kohler	WI	24,292	08/04	2003/2004	100	%	18.69	None
Joliet Commons	Joliet	IL	158,853	10/98	1995	100	%	14.04	Movies 10, PetSmart, Barnes & Noble, Old Navy, Party City, Jo-Ann, BC Osaka Hibachi Grill
Joliet Commons Phase II	Joliet	IL	40,395	02/00	1999	100	%	13.54	Office Max
Mankato Heights Plaza	Mankato	MN	155,173	04/03	2002	94	%	13.58	TJ Maxx, Michaels, Old Navy, Pier 1 Imports, Petco
Maple Park Place	Bolingbrook	IL	210,746	01/97	1992/2004	98% (4)		11.96	X-Sport Fitness, The Sports Authority, Best Buy, Ross Dress for Less, Office Depot (4)
Orland Park Place	Orland Park	IL	592,495	04/05	1980/1999	100	%	12.24	K & G Superstore, Old Navy, Stein Mart, Tiger Direct, Barnes & Noble, DSW Shoe Warehouse, Bed, Bath & Beyond, Binny's Beverage Depot,

									Nordstrom Rack, Dick's Sporting Goods, Marshall's, Buy Buy Baby, HH Gregg, Ross Dress for Less, Penny Mustard Furnishings
Orland Park Place Outlots	Orland Park	IL	11,900	08/07	2007	—		15.00	Dao
Orland Park Place Outlots II	Orland Park	IL	22,966	04/12	2007	91	%	31.43	None
Park Place Plaza	St. Louis Park	MN	88,999	09/99	1997/2006	100	%	17.42	Office Max, PetSmart
Pine Tree Plaza	Janesville	WI	186,523	10/99	1998	98	%	11.47	Gander Mtn., TJ Maxx, Staples, Michaels, Old Navy, Petco
Prairie Crossings Shopping Center	Frankfort	IL	109,079	10/14	2003	98	%	17.32	Office Depot, The Sports Authority, Bed, Bath & Beyond
Randall Square	Geneva	IL	216,738	05/99	1999	93	%	14.24	Marshall's, Bed, Bath & Beyond, PetSmart, Michaels, Party City, Old Navy

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Property	City	State	Gross Leasable Area (Sq Ft)	Date Acq.	Year Built/ Renovated	Financial Occupancy (1)		Average Rent Per Square Foot (2)	Anchor Tenants (3)
Power Centers									
Rivertree Court	Vernon Hills	IL	308,610	07/97	1988/2011	100	%	13.26	Best Buy, Discovery Clothing, TJ Maxx, Michaels, Harlem Furniture, Gordmans, Old Navy, Pier 1 Imports, Ross Dress for Less, Shoe Carnival
Rochester Marketplace	Rochester	MN	70,213	09/03	2001/2003	100	%	15.40	Staples, PetSmart
Salem Square	Countryside	IL	116,992	08/96	1973/1985/ 2009	100	%	9.08	TJ Maxx/Home Goods, Marshall's
Schaumburg Promenade	Schaumburg	IL	91,831	12/99	1999	100	%	13.84	Ashley Furniture, DSW Shoe Warehouse, Destination XL
Shakopee Outlot	Shakopee	MN	12,285	03/06	2007	100	%	18.15	None
Shakopee Valley Marketplace	Shakopee	MN	146,362	12/02	2000/2001	99	%	9.81	Kohl's, Office Max
Shoppes at Grayhawk	Omaha	NE	81,000	02/06	2001/2004	77	%	25.25	Michaels, Lowe's (5)
University Crossings	Granger	IN	111,651	10/03	2003	96	%	13.64	Marshall's, Petco, Dollar Tree, Pier 1 Imports, Ross Medical Education Center, Babies R Us (5)
Valparaiso Walk	Valparaiso	IN	137,500	12/12	2005	100% (4)		13.88	Best Buy, Michaels, Marshall's, Bed, Bath & Beyond
Warsaw Commons	Warsaw	IN	87,826	04/13	2012	94	%	13.03	Dollar Tree, TJ Maxx, PetSmart, Ulta
Woodfield Commons E/W	Schaumburg	IL	206,148	10/98	1973/1975/ 1997/2007/ 2012	100	%	18.28	Toys R Us, Discovery Clothing, REI, Hobby Lobby, Ross Dress for Less, Half Price Books
Lifestyle Centers									
Algonquin Commons	Algonquin	IL	563,704	02/06	2004/2005	90% (4)		14.22	PetSmart, Office Max, Pottery Barn, Old Navy, DSW Shoe Warehouse, Discovery Clothing, Dick's Sporting Goods, Trader Joe's, Ulta, Charming Charlie, Ross Dress for Less,

				Gordmans
Total	10,483,228	93 %	13.73	

As of December 31, 2014, we owned fee simple interests in 32 investment properties through our unconsolidated joint ventures and we owned DST interests in the 27 properties owned through our IPCC joint venture. Total properties are comprised of 26 single-user retail properties, 13 Neighborhood Retail Centers, 7 Community Centers, and 13 Power Centers. These investment properties are located in the states of Alabama (1), Arkansas (1), Florida (4), Georgia (8), Illinois (11), Indiana (1), Kentucky (3), Louisiana (1), Minnesota (10), Missouri (1), New York (1), North Carolina (1), Ohio (4), Oklahoma (2), South Carolina (1), Texas (3), Virginia (1) and Wisconsin (5). Most tenants of the investment properties are responsible for the payment of some or all of the real estate taxes, insurance and common area maintenance.

Property	City	State	Gross Leasable Area (Sq Ft)	Date Acq.	Year Built/ Renovated	Financial Occupancy (1)	Average Rent Per Square Foot (2)	Anchor Tenants (3)
Single User (IPCC Joint Venture)								
Family Dollar	Bell	FL	7,958	10/14	2014	100 %	$11.55	None
Family Dollar	Bremond	TX	8,320	10/14	2014	100 %	8.90	None
Family Dollar	Chaffee	MO	8,320	10/14	2014	100 %	9.14	None
Family Dollar	Citrus Springs	FL	7,958	10/14	2014	100 %	11.43	None
Family Dollar	Clarkston	GA	7,958	10/14	2014	100 %	17.13	None
Family Dollar	Columbus	GA	7,958	10/14	2014	100 %	15.09	None
Family Dollar	Farmington	NY	7,647	10/14	2014	100 %	14.58	None
Family Dollar	Fort Worth	TX	8,320	10/14	2014	100 %	12.38	None
Family Dollar	Fruitland Park	FL	7,958	10/14	2013	100 %	12.19	None
Family Dollar	Huber Heights	OH	7,958	10/14	2014	100 %	11.99	None
Family Dollar	Independence	KY	7,958	10/14	2012	100 %	13.81	None
Family Dollar	King George	VA	8,320	10/14	2014	100 %	13.51	None
Family Dollar	Leesburg	GA	8,320	10/14	2013	100 %	9.92	None
Family Dollar	Mableton	GA	7,958	10/14	2014	100 %	18.19	None
Family Dollar	Macon (Mercer)	GA	8,804	10/14	2014	100 %	14.47	None
Family Dollar	Macon (Rocky Creek)	GA	7,958	10/14	2014	100 %	15.06	None
Family Dollar	McDonough	GA	7,647	10/14	2013	100 %	17.11	None
Family Dollar	Ocala	FL	7,958	10/14	2014	100 %	13.21	None
Family Dollar	Oklahoma City	OK	7,958	10/14	2014	100 %	12.25	None
Family Dollar	Pacolet	SC	8,000	10/14	2013	100 %	11.01	None
Family Dollar	Phenix City	AL	8,320	10/14	2013	100 %	10.04	None
Family Dollar	Ponchatoula	LA	8,320	10/14	2013	100 %	9.94	None
Family Dollar	Rice	TX	7,947	10/14	2014	100 %	9.21	None

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Property	City	State	Gross Leasable Area (Sq Ft)	Date Acq.	Year Built/ Renovated	Financial Occupancy (1)		Average Rent Per Square Foot (2)	Anchor Tenants (3)
Single User (IPCC Joint Venture)									
Family Dollar	Salisbury	NC	8,763	10/14	2013	100	%	11.63	None
Family Dollar	Sardis	GA	8,320	10/14	2013	100	%	7.61	None
Family Dollar	Turley	OK	7,958	10/14	2014	100	%	11.80	None
Neighborhood Retail Centers									
Byerly's Burnsville	Burnsville	MN	72,339	09/99	1988	100	%	11.52	Byerly's Food Store, Erik's Bike Shop
Capitol and 124th Shopping Center	Wauwatosa	WI	54,204	09/13	1998/2012	100	%	13.79	Wal-Mart, Petco
Caton Crossings	Plainfield	IL	83,792	06/03	1998	98	%	11.41	Tony's Finer Foods
Champlin Marketplace	Champlin	MN	91,970	09/11	1999/2005	95	%	12.73	Cub Foods
Diffley Marketplace	Egan	MN	71,903	10/10	2008	91	%	15.32	Cub Foods
Elston Plaza	Chicago	IL	87,946	12/11	1983/2010	100	%	14.96	Jewel Osco, O'Reilly Auto Parts
Mallard Crossing Shopping Center	Elk Grove Village	IL	82,920	05/97	1993	92% (4)		8.09	Food 4 Less (4)
Pilgrim Village	Menomonee Falls	WI	31,331	09/13	1984/2012	100	%	20.00	Wal-Mart (5), Friends of Nature
Red Top Plaza	Libertyville	IL	151,840	06/11	1981/2008	88	%	14.12	Jewel Osco
Shannon Square Shoppes	Arden Hills	MN	97,638	03/04 06/04	2003	90	%	15.48	Cub Foods
Shops of Plymouth Town Center	Plymouth	MN	84,003	03/99	1991	100	%	10.99	The Foursome, Inc., Cub Foods
Stuart's Crossing	St. Charles	IL	85,529	08/98	1999	98	%	13.96	Jewel Osco
Timmerman Plaza	Milwaukee	WI	40,343	09/13	1965/2013	63	%	12.85	Dollar Tree
Community Centers									
Brownstones Shopping Center	Brookfield	WI	137,816	11/11	1989/2009	96	%	14.41	Metro Market, TJ Maxx
Cedar Center South	University Heights	OH	136,080	10/13	1950/2006	83	%	21.25	Tuesday Morning, Whole Foods Market, CVS, Dollar Tree
Evergreen Promenade	Evergreen Park	IL	92,488	08/13	2014	15	%	22.05	PetSmart
Village Ten Shopping Center	Coon Rapids	MN	211,472	08/03	2002	98	%	7.46	Dollar Tree, Life Time Fitness, Cub Foods

Woodbury Commons	Woodbury	MN	116,196	02/12	1992/2004/ 2012	97% (4)		9.88	Hancock Fabrics, Schuler Shoes, Dollar Tree, Becker Furniture World
Woodland Commons	Buffalo Grove	IL	170,034	02/99	1991	81	%	13.91	Mariano's
Community Centers (IPCC Joint Venture)									
Mountain View Square	Wausau	WI	86,584	03/14	2000	100	%	7.95	Kohl's
Power Centers									
Fort Smith Pavilion	Fort Smith	AR	275,414	12/13	2009/2011	96% (4)		14.64	Dick's Sporting Goods, Best Buy, Michaels, Books-A-Million, Old Navy, Shoe Carnival, Ulta, Bed Bath & Beyond, Petco
Four Flaggs	Niles	IL	325,972	11/02	1973/1998/ 2010	98	%	10.43	Fresh Farms, Party City, Marshall's, PetSmart, Office Depot, Old Navy, Global Clinic, Ashley Furniture, Sears Outlet, Jo-Ann, Shoe Carnival
Joffco Square	Chicago	IL	95,204	01/11	2008	100	%	23.67	Bed, Bath & Beyond, Best Buy, Jo-Ann
Newport Pavilion	Newport	KY	205,053	06/14	2009	90	%	17.38	Kroger (5), TJ Maxx, Dick's Sporting Goods, Michaels, PetSmart, Ulta
Point at Clark	Chicago	IL	95,455	06/10	1996	95	%	28.11	DSW Shoe Warehouse, Marshall's, Michaels
Princess City Plaza	Mishawaka	IN	172,181	08/14	1998	100% (4)		13.20	Gordmans, PetSmart, Dick's Sporting Goods, Old Navy, Shoe Carnival
Quarry Retail	Minneapolis	MN	281,472	09/99	1997	100	%	12.82	Home Depot, Cub Foods, PetSmart, Office Max, Party City, Michaels
Riverdale Commons	Coon Rapids	MN	231,753	09/99	1999	100% (4)		13.86	Rainbow (4), The Sports Authority, Office Max, Petco, Party City, Home Goods, Michaels
Silver Lake Village	St. Anthony	MN	159,316	02/12	1996/2005	93	%	17.29	North Memorial Healthcare, Cub Foods, Wal-Mart (5)
Stone Creek Towne Center	Cincinnati	OH	142,824	02/12	2008	100	%	22.36	Bed, Bath & Beyond, Best Buy, Old Navy
Turfway Commons	Florence	KY	105,471	12/11	1993/2007	97	%	12.31	Babies 'R' Us, Half Price Books, Guitar Center, Michaels

Westgate	Fairview Park	OH	241,838	03/12	2007/2011	91	%	18.14	Books-A-Million, Lowe's (5), Petco, Marshall's, Kohl's (5), Earth Fare
Woodfield Plaza	Schaumburg	IL	177,160	01/98	1992	93	%	13.43	Kohl's, Barnes & Noble, Buy Buy Baby, David's Bridal
Total			4,706,405			94	%	$14.28	
Total/Weighted Average			15,189,633			93	%	$13.90	

(1) Financial Occupancy is defined as the percentage of total gross leasable area for which a tenant is obligated to pay rent under the terms of its lease agreement, regardless of the actual use or occupation by that tenant of the area being leased excluding tenants in their abatement period.

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(2) Average rent per square foot is calculated on leases in place as of report date.
(3) Anchor tenants are defined as any tenant occupying 10,000 or more square feet. The trade name used in this table may be different than the tenant name on the lease.
(4) A tenant has vacated their space but is still contractually obligated under their lease to pay rent. Where the note is following a tenant's name in the anchor tenant column, it is the anchor tenant who has vacated.
(5) Ground lease tenants. Ground lease square footage is excluded from GLA as we do not own that square footage.

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The following table represents an analysis of lease expirations based on the leases in place at December 31, 2014 in our consolidated portfolio.

Lease Expiration Year	Number of Leases Expiring	GLA (Sq.Ft.)	Percent of Total GLA		Total Annualized Base Rent ($) (a)	Percent of Total Annualized Base Rent (%)		Annualized Base Rent ($/Sq.Ft.) (b)
MTM	41	90,584	0.9	%	$1,598	1.2	%	$17.64
2015	135	577,068	5.5	%	8,579	6.2	%	14.87
2016	172	1,013,197	9.6	%	14,643	10.6	%	14.45
2017	152	1,086,039	10.3	%	14,934	10.8	%	13.75
2018	182	1,056,761	10.1	%	15,628	11.3	%	14.79
2019	174	1,695,543	16.2	%	22,564	16.3	%	13.31
2020	110	927,850	8.9	%	13,118	9.4	%	14.14
2021	56	848,630	8.1	%	13,241	9.6	%	15.60
2022	62	727,282	6.9	%	9,036	6.5	%	12.42
2023	49	493,969	4.7	%	6,528	4.7	%	13.22
2024+	104	1,361,897	13.0	%	18,665	13.4	%	13.71
Vacant (c)	—	604,408	5.8	%	—	—	%	—
Total	1,237	10,483,228	100.0	%	$138,534	100.0	%	$14.02

The following table represents an analysis of lease expirations based on the leases in place at December 31, 2014 in our unconsolidated portfolio, including our joint venture partner's pro-rata share.

Lease Expiration Year	Number of Leases Expiring	GLA (Sq.Ft.)	Percent of Total GLA		Total Annualized Base Rent ($) (a)	Percent of Total Annualized Base Rent (%)		Annualized Base Rent ($/Sq.Ft.) (b)
MTM	6	20,757	0.5	%	$435	0.6	%	$20.96
2015	40	134,472	2.8	%	2,362	3.7	%	17.56
2016	69	344,824	7.3	%	5,698	9.0	%	16.52
2017	60	564,703	12.0	%	8,523	13.4	%	15.09
2018	92	636,520	13.5	%	9,460	14.9	%	14.86
2019	82	583,127	12.4	%	8,387	13.2	%	14.38
2020	46	430,117	9.1					