ENTERTAINMENT PROPERTIES TRUST
Form 424B5
May 05, 2010
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The information in this preliminary prospectus supplement and accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)5
Registration No. 333-165523

Subject to completion, dated May 5, 2010

Preliminary Prospectus Supplement

(To prospectus dated March 16, 2010)

3,000,000 Common Shares

Entertainment Properties Trust

We are offering 3,000,000 common shares of beneficial interest, par value $0.01 per share, or common shares, at a price of $ per share in this offering.

Our common shares trade on the New York Stock Exchange, or NYSE, under the symbol EPR. On May 4, 2010, the last reported sale price of our common shares on the NYSE was $43.92 per share.

Our common shares are subject to certain restrictions on ownership and transfer designed to preserve our qualification as a real estate investment trust for federal income tax purposes. See Description of Certain Provisions of Maryland Law and EPR s Declaration of Trust and Bylaws Restrictions on Ownership and Transfer of Shares on page 34 of the accompanying prospectus for more information about these restrictions.

Investing in our common shares involves risks. Before buying any common shares you should carefully read this entire prospectus supplement and the accompanying prospectus and the documents incorporated by reference herein and therein, including the section of this prospectus supplement entitled Risk Factors beginning on page S-11, the section of the accompanying prospectus entitled Risk Factors on page 5 and the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2009 and, to the extent applicable, our Quarterly Reports on Form 10-Q.

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

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

The underwriters have an option to purchase up to an additional 450,000 common shares from us to cover over-allotments, if any.

The underwriters expect that the common shares will be ready for delivery in book-entry form through the facilities of The Depository Trust Company on or about , 2010.

Joint Book Running Managers

Citi **Goldman, Sachs & Co.** **J.P. Morgan** **KeyBanc Capital Markets**

Lead Manager

RBC Capital Markets

Co-Manager

FBR Capital Markets

The date of this prospectus supplement is , 2010

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You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus, and any free writing prospectus we may authorize to be delivered to you. Neither we nor the underwriters have authorized any person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein is accurate only as of their respective dates or as of other dates which are specified in those documents, regardless of the time of delivery of this prospectus supplement or of any of our common shares. Our business, financial condition, results of operations and prospects may have changed since those dates.

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

We are providing information to you about this offering of our common shares in two parts. The first part is this prospectus supplement, which provides the specific details regarding this offering. The second part is the accompanying prospectus, which provides general information, including information about our common shares. Generally, when we refer to this prospectus, we are referring to both documents combined. Some of the information in the accompanying prospectus may not apply to this offering. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

References to we, us, our, EPR or the Company refer to Entertainment Properties Trust. When we refer to our Declaration of Trust we m Entertainment Properties Trust s Amended and Restated Declaration of Trust, including the articles supplementary for each series of preferred shares, as amended. When we refer to our Bylaws we mean Entertainment Properties Trust s Amended and Restated Bylaws. The term you refers to a prospective investor.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to incorporate by reference the information we file with the SEC, which means we can disclose important information to you by referring to those documents. The information incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus. Any statement contained in a document which is incorporated by reference in this prospectus supplement or the accompanying prospectus is automatically updated and superseded if information contained in this prospectus supplement, the accompanying prospectus, or information we later file with the SEC, modifies or replaces that information.

The documents listed below have been filed by us under the Securities Exchange Act of 1934, as amended (the Exchange Act) (File No. 001-13561) and are incorporated by reference in this prospectus supplement:

1. Our Annual Report on Form 10-K for the year ended December 31, 2009 (including information specifically incorporated by reference into our Form 10-K from our Proxy Statement for our 2010 Annual Meeting of Shareholders).

2. Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010.

3. Our Current Report on Form 8-K filed on March 10, 2010.

4. The description of our common shares included in our registration statement on Form 8-A filed on November 4, 1997.

In addition, all documents filed by us under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding any information that is deemed to have been furnished and not filed with the SEC) after the date of this prospectus supplement and prior to the termination of the offering of the securities covered by this prospectus supplement, are incorporated by reference herein.

To obtain a free copy of any of the documents incorporated by reference in this prospectus supplement (other than exhibits, unless they are specifically incorporated by reference in the documents) please contact us at:

Investor Relations Department

Entertainment Properties Trust

30 W. Pershing Road, Suite 201

Kansas City, Missouri 64108

(816) 472-1700/FAX (816) 472-5794

Email info@eprkc.com

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Our SEC filings also are available on our Internet website at www.eprkc.com. The information on our website is not, and you must not consider the information to be, a part of this prospectus supplement or the accompanying prospectus.

As you read these documents, you may find some differences in information from one document to another. You should assume that the information appearing in the prospectus supplement or the accompanying prospectus is accurate only as of the date on their respective covers, and you should assume the information appearing in any document incorporated or deemed to be incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate only as of the date that document was filed with the SEC. Our business, financial condition, results of operations and prospects may have changed since those dates.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

With the exception of historical information, this prospectus supplement and the accompanying prospectus and our reports filed under the Exchange Act and incorporated by reference in this prospectus supplement and the accompanying prospectus and other offering materials and documents deemed to be incorporated by reference herein or therein may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Exchange Act, such as those pertaining to our acquisition or disposition of properties, our capital resources, future expenditures for development projects and our results of operations. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of actual events. There is no assurance the events or circumstances reflected in the forward-looking statements will occur. You can identify forward-looking statements by use of words such as will be, intend, continue, believe, may, expect, hope, anticipate, goal, forecast, or other comparable terms, or by discu plans or intentions. Forward-looking statements necessarily are dependent on assumptions, data or methods that may be incorrect or imprecise.

Factors that could materially and adversely affect us include, but are not limited to, the factors listed below:

General international, national, regional and local business and economic conditions;

Current levels of market volatility are unprecedented;

The state of the credit markets;

Pending litigation that may be adversely determined against us;

The failure of a bank to fund a request by us to borrow money or the failure of banks in which we have deposited funds;

Defaults in the performance of lease terms by our tenants and the financial condition of our tenants;

Defaults or bankruptcy by our customers, mortgagors, borrowers and counterparties on their obligations owed to us;

A significant loan commitment for a development project that may not be completed as planned;

The obsolescence of older multiplex theaters owned by some of our tenants;

Risks of operating in the entertainment industry;

Our ability to compete effectively;

The concentration of our leases and property investments with a limited number of tenants or mortgagors, for example a single tenant leases the majority of our multiplex theater properties, a single tenant leases all of our charter schools and a single tenant leases or is the mortgagor of all of our ski area investments;

Risks associated with use of leverage to acquire properties;

Financing arrangements that require lump-sum payments;

Our ability to raise capital;

Covenants in our debt instruments that limit our ability to take certain actions;

Risks of acquiring, owning and developing properties, particularly entertainment and entertainment-related properties, vineyards, wineries and recreational properties;

Our continued qualification as a REIT;

Development and financing arrangements that expose us to funding or purchase risks;

We have a limited number of employees and the loss of personnel could harm operations;

Fluctuations in the value of real estate income and investments and the fact that our real estate investments are relatively illiquid;

Risks relating to real estate ownership, leasing and development, including for example, local conditions such as an oversupply of space or a reduction in demand for real estate in the area, competition from other available space, demand for the real estate we own by tenants and users such as customers of our tenants, increases in real estate taxes and other expenses, decreases in market rental rates, the timing and costs associated with property improvements and rentals, changes in zoning laws or other governmental regulation, whether we are able to pass some or all of any increased operating costs on to tenants, and how well we manage our properties;

Our ability to secure adequate insurance and risk of potential uninsured losses, including from natural disasters;

Risks involved in joint ventures;

Risks in leasing multi-tenant properties;

A failure to comply with the Americans with Disabilities Act, environmental or other laws;

Risks associated with our ownership of assets in foreign countries;

Risks associated with owning or financing properties for which the tenant s or mortgagor s operations may be impacted by weather conditions;

Our ability to pay distributions in cash or at current rates;

Fluctuations in interest rates;

Fluctuations in the market prices for our shares;

Certain limits on change in control imposed under law and by our Declaration of Trust and Bylaws;

Policy changes obtained without the approval of our shareholders;

Equity issuances could dilute the value of our shares;

Risks associated with changes in the Canadian exchange rate; and

Changes in laws and regulations, including tax laws and regulations.

You should consider the risks described in the Risk Factors section on page S-11 of this prospectus supplement, the Risk Factors section on page 5 of the accompanying prospectus and the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2009 and, to the extent applicable, our Quarterly Reports on Form 10-Q, in evaluating any forward-looking statements included or incorporated by reference in this prospectus supplement and the accompanying prospectus.

Given these uncertainties, you should not place undue reliance on these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements included or incorporated by reference in this prospectus supplement or the accompanying prospectus, whether as a result of new information, future events or otherwise. In light of the factors referred to above, the future events discussed or incorporated by reference in this prospectus supplement or the accompanying prospectus may not occur and actual results, performance or achievements could differ materially from those anticipated or implied in the forward-looking statements.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary may not contain all of the information that is important to you. Before making a decision to purchase our common shares, you should carefully read this entire prospectus supplement and the accompanying prospectus, especially the Risk Factors section on page S-11 of this prospectus supplement, the Risk Factors section on page 5 of the accompanying prospectus and the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2009 and incorporated by reference herein, as well as the Risk Factors section in our Quarterly Reports on Form 10-Q, to the extent applicable, and the other documents incorporated by reference in this prospectus supplement and in the accompanying prospectus. Unless otherwise indicated, financial information included in this prospectus supplement is presented on a historical basis.

About EPR

We are a self-administered real estate investment trust, or REIT, that develops, owns, leases and finances megaplex theatres, entertainment retail centers (centers generally anchored by an entertainment component such as a megaplex theatre and containing other entertainment-related properties), and destination recreational and specialty properties.

As of March 31, 2010, our real estate portfolio was comprised of over $2.8 billion in assets (before accumulated depreciation) and consisted of interests in:

- 96 megaplex movie theatre properties (including four joint venture properties) located in 33 states and Ontario, Canada
- ten entertainment retail centers (including three joint venture properties) located in Westminster, Colorado; New Rochelle, New York; White Plains, New York; Burbank, California; Suffolk, Virginia; and Ontario, Canada
- 27 public charter school properties located in eight states and the District of Columbia
- other specialty properties, including 11 wineries and eight vineyards located in California and Washington and a ski property located in Ohio
- land parcels leased to restaurant and retail operators adjacent to several of our theatre properties
- $13.6 million in development land and construction in progress for real estate development

Also, as of March 31, 2010, we had the following mortgage notes receivable with an outstanding balance of approximately $435.0 million (all amounts include accrued interest):

- $165.5 million in mortgage financing for the development of a water park anchored entertainment village in the greater Kansas City area (the first phase of which opened in July 2009) and is additionally secured by two operating water parks in Texas

- $136.4 million in mortgage financing for ten ski properties and development land located in New Hampshire, Vermont, Missouri, Indiana, Ohio and Pennsylvania

- $133.1 million in mortgage financing for a planned casino and resort development in Sullivan County, New York

The mortgage note relating to the Sullivan County, New York project is in default and accrual interest income recognition was ceased on January 1, 2009. Our management determined that no loan loss reserve was necessary for the mortgage note relating to the Sullivan County, New York project, based on our interest in the value of the underlying collateral considering an independent third party appraisal and other current factors. We are currently involved in litigation with the developer of the project. For a further discussion, see Recent Developments Concord Resorts and Risk Factors on pages S-7 and S-11, respectively, of this prospectus supplement.

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Also, as of March 31, 2010, we had nine other notes receivable with an outstanding balance of $7.2 million (including accrued interest) net of a provision for an aggregate loan loss of $36.9 million.

As of March 31, 2010, we had invested approximately $215.2 million, net of initial direct costs of $1.7 million, in 27 public charter school properties leased under a master lease to Imagine Schools. We own the fee interest in these properties; however, due to the long-term nature of this lease it is accounted for as a direct financing lease. These properties are located in Arizona, Florida, Georgia, Indiana, Missouri, Nevada, Michigan, Ohio and the District of Columbia.

We generally lease our single-tenant properties to tenants on a long-term triple-net basis that requires the tenant to assume the primary risks involved in operating the property and to pay substantially all expenses associated with the operation and maintenance of the property. We also provide secured mortgage financing and we own multi-tenant properties which are managed for us by third-party management companies.

Our theatre properties are leased to prominent theatre operators, including American Multi-Cinema (referred to in this prospectus as AMC), Muvico Entertainment, Regal Cinemas, Rave Motion Pictures, Wallace Theatres, Southern Theatres, Cobb Theatres, Kerasotes Showplace Theatres and Cinemark. As of March 31, 2010, approximately 43% of our megaplex theatre properties were leased to AMC as a result of a series of sale-leaseback transactions relating to a number of AMC megaplex theatres, and approximately 45% of our total annual rental revenue were derived from rental payments by AMC under these leases.

Approximately 16% of our total annual revenue is derived from our five entertainment retail centers in Ontario, Canada. The Canadian entertainment retail centers represent approximately 18% of our net assets as of March 31, 2010.

We have elected to be treated as a REIT for U.S. federal income tax purposes. In order to maintain our status as a REIT, we must comply with a number of requirements under U.S. federal income tax law that are discussed in Additional U.S. Federal Income Tax Considerations on page S-19 of this prospectus supplement and U.S. Federal Income Tax Consideration on page 39 of the accompanying prospectus.

Our executive offices are located at 30 W. Pershing Road, Suite 201, Kansas City, Missouri 64108. Our telephone number is (816) 472-1700.

Growth Strategies

As a part of our growth strategy, we will consider acquiring or developing additional megaplex theatre properties, and acquiring or developing single-tenant entertainment, entertainment-related, recreational or specialty properties. We will also consider acquiring or developing additional entertainment retail centers. We may also pursue opportunities to provide mortgage financing for these same property types in certain situations where this structure is more advantageous than owning the underlying real estate.

Historically, our primary challenges have been locating suitable properties, negotiating favorable lease or financing terms, and managing our real estate portfolio as we have continued to grow. We believe the knowledge and industry relationships of our management have facilitated favorable opportunities for us to acquire, finance and lease properties. During 2009, as a result of the economic downturn and related challenges in the credit market that increased our cost of capital, we tempered our focus on growth of funds from operations (FFO), and instead principally focused on maintaining adequate liquidity and a strong balance sheet. As a result, our capital spending for the year ended December 31, 2009 was much lower than for 2008 as we focused primarily on funding existing commitments. Having enhanced our liquidity position and strengthened our balance sheet in 2009, we believe we are now better positioned in 2010 to aggressively pursue potential investments, acquisitions and financing transaction opportunities that may become available to us from time to time. We are particularly focused on property categories which allow us to use our experience to mitigate some of the risks inherent in the current economic environment. We cannot assure you that any such potential investment or acquisition opportunities will arise in the near future, or that we will actively pursue any such opportunities.

Our investing strategies center on certain guiding principles, which we refer to as our Five Star Principles :

Inflection Opportunity

We look for a new generation of facilities emerging as a result of age, technology, or change in the lifestyle of consumers which create development, renewal or restructuring opportunities requiring significant capital.

Enduring Value

We look for real estate that supports activities that are commercially successful and have a reasonable basis for continued and sustainable customer demand in the future. Further, we seek circumstances where the magnitude of change in the new generation of facilities adds substantially to the customer experience.

Excellent Execution

We seek attractive locations and best-of-class executions that create market-dominant properties which we believe create a competitive advantage and enhance sustainable customer demand within the category despite a potential change in tenant. We minimize the potential for turnover by seeking quality tenants with a reliable track record of customer service and satisfaction.

Attractive Economics

We seek investments that provide accretive returns initially and increasing returns over time with rent escalators and percentage rent features that allow participation in the financial performance of the property. Further, we are interested in investments that provide a depth of opportunity to invest sufficient capital to be meaningful to our total financial results and also provide a diversity by market, geography or tenant operator.

Advantageous Position

In combination with the preceding principles, when investing we look for a competitive advantage such as unique knowledge of the category, access to industry information, a preferred tenant relationship, or other relationships that provide access to sites and development projects.

Recent Developments

The following are principal recent developments that occurred on or after March 31, 2010:

Concord Resorts

The Company has a mortgage note receivable with a net carrying value at March 31, 2010 of $133.1 million, from Concord Resorts, LLC (Concord Resorts), an entity controlled by Louis Cappelli, related to a planned casino and resort development in Sullivan County, New York. The development project has been delayed, and Concord Resorts has ceased making interest payments to the Company as contractually obligated under the loan agreement. On December 31, 2009, the Company commenced litigation against Mr. Cappelli and his affiliates seeking payment of amounts due under various loans to them and a declaratory judgment that no further investments are required to be made by us under any prior commitment to Mr. Cappelli or any of his affiliates. On April 9, 2010, Mr. Cappelli and certain affiliates commenced litigation against the Company seeking declaratory relief, derivative relief and money damages totaling approximately $1.2 billion with respect to the casino project and the White Plains entertainment retail center. See Risk Factors on page S-11.

Investment Pipeline

We have entered into a letter of intent relating to the acquisition of 12 theatre properties for approximately $123.6 million from a third-party. The theatre properties contain an aggregate of approximately 192 screens, and are comprised of an aggregate of approximately 864,530 square feet of space located on 139 acres. The theatre properties are leased to a prominent theatre operator pursuant to triple net leases with the tenant responsible for all taxes, costs and expenses arising from the use or operation of the properties. The leases contain cross-default provisions pursuant to which a default under one lease would result in a default under each other lease. The leases will continue to be in effect after the transaction. The initial rent on the properties is fixed at approximately $13.4 million per year during the remaining initial term of approximately eight years, with a step down in rent in the event the tenant exercises the first of five tenant options to extend for five years each. The transaction contemplated by the letter of intent is contingent upon the negotiation and execution of definitive agreements, due diligence and other contingencies. We cannot assure you that the transaction will be completed on the terms described above or at all.

Debt Financing Plans

We have recently commenced discussions with our lenders and other financial institutions regarding the potential incurrence of new or alternative debt financing. We are seeking commitments for a new unsecured revolving credit facility from our current lenders that would replace our existing secured revolving credit facility. We anticipate that this potential revolving credit facility would provide availability for borrowing of up to $300 million (which could be increased by up to $100 million) and would contain certain covenants including financial covenants. The potential new revolving credit facility would be subject to a number of conditions including completion of due diligence satisfactory to the lenders, negotiation and execution of definitive agreements, completion of additional debt financing and repayments of certain of our outstanding indebtedness. We cannot assure you that we will enter into a new revolving credit facility on these terms or on other terms that are attractive to us, or at all. We may also seek to access the public and private credit markets on an opportunistic basis through the issuance of debt securities from time to time. Our efforts to potentially refinance existing debt or incur additional debt are intended to increase our access to capital and permit us to more efficiently match available debt and equity financing to our ongoing capital requirements. This does not reflect a change in our overall strategy for our debt levels as we intend to continue maintaining the ratio of debt to total book capitalization at between 40% and 50% for the foreseeable future. We cannot assure you that we will seek or obtain additional or alternative debt financing from time to time on terms that are attractive to us or at all. One or more of the underwriters in this offering, or their affiliates, may from time to time participate in, arrange or act as purchasers or lenders in such possible debt financings. In the event we enter into a new revolving credit facility, issue debt securities or incur additional indebtedness, such debt may have additional or more restrictive covenants which may limit our ability to operate our business.

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THE OFFERING

The following is a brief summary of certain terms of this offering and is not intended to be complete. It does not contain all of the information that will be important to a purchaser of common shares. For a more complete description of our common shares, see Description of Shares of Beneficial Interest and Description of Certain Provisions of Maryland Law and EPR s Declaration of Trust and Bylaws in the accompanying prospectus.

Issuer	Entertainment Properties Trust.
Securities Offered	3,000,000 common shares of beneficial interest plus up to an additional 450,000 common shares of beneficial interest that we may issue and sell upon the exercise of the underwriters over-allotment option.
Common Shares to be Outstanding after the Offering	45,885,283 common shares (46,335,283 common shares if the underwriters exercise their over-allotment option in full).
Listing	Our common shares are listed for trading on the NYSE under the symbol EPR.
Form	The common shares will be issued and maintained initially in book-entry form registered in the name of the nominee of The Depository Trust Company.
Restrictions on Ownership	For us to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the Code), not more than 50% in value of our outstanding shares of beneficial interest may be owned, directly or constructively, by five or fewer individuals, as defined in the Code to include certain entities, during the last half of any taxable year. In addition, our Declaration of Trust contains provisions that limit to 9.8% the percentage ownership of our equity by class or series, including the common shares, by any one person or group of affiliated persons. Our Declaration of Trust allows our Board of Trustees to waive this ownership limit, subject to certain conditions. See Description of Certain Provisions of Maryland Law and EPR s Declaration of Trust and Bylaws Restrictions on Ownership and Transfer of Shares on page 34 of the accompanying prospectus.
Tax Consequences	The U.S. federal income tax consequences of purchasing, owning and disposing of the common shares are summarized in Additional U.S. Federal Income Tax Considerations on page S-19 of this prospectus supplement and U.S. Federal Income Tax Considerations on page 39 of the accompanying prospectus.
Use of Proceeds	The net proceeds to us from the sale of common shares offered hereby are expected to be approximately $ ($ if the underwriters exercise their over-allotment option in full), after deducting the underwriting discount and our estimated offering expenses. We intend to use the net proceeds from this offering for

	general business purposes, which may include funding the acquisition, development or financing of properties or the repayment of debt. We have entered into a letter of intent relating to the acquisition of 12 theatre properties for approximately $123.6 million. For a description of this potential investment, see Prospectus Supplement Summary Recent Developments Investment Pipeline. Pending application of net proceeds from this offering to the uses described above, we intend to use the net proceeds from this offering to reduce indebtedness under our revolving credit facility and to invest any remaining net proceeds in interest-bearing accounts and short-term interest-bearing securities which are consistent with our qualification as a REIT under the Code.
Settlement Date	Delivery of the common shares will be made against payment therefor on or about , 2010.
Transfer Agent	The transfer agent for our common shares is Computershare Trust Company, N.A.
Risk Factors	See the Risk Factors section on page S-11 of this prospectus supplement, the Risk Factors section on page 5 of the accompanying prospectus and the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2009 and, to the extent applicable, our Quarterly Reports on Form 10-Q for other information you should consider before buying our common shares.

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RISK FACTORS

Before you decide to purchase our common shares, you should be aware that there are risks in making this investment. You should carefully consider the risks described below, in the Risk Factors section on page 5 of the accompanying prospectus, in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2009 and, to the extent applicable, in our Quarterly Reports on Form 10-Q, together with all other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, before you decide to invest in our common shares.

The trading price for our common shares could be substantially and adversely affected by various factors.

Between January 1, 2009 and May 4, 2010, the closing price of our common shares on the NYSE ranged from $12.70 to $46.46 per share. As with other publicly-traded securities, the trading price for our common shares will depend on many factors, which may change from time to time, including:

- the trading price for our Series B preferred shares, Series C convertible preferred shares, Series D preferred shares, Series E convertible preferred shares or any other preferred shares we may issue in the future;
- any changes in prevailing interest rates;
- any changes in fiscal policy;
- the market for similar securities;
- additional issuances of common shares or preferred shares;
- general economic conditions or conditions in the financial or real estate markets; and
- our financial condition, performance and prospects.

Current levels of market volatility are unprecedented and may adversely affect our potential growth and the market value of our common shares.

The capital and credit markets have been experiencing extreme volatility and disruption, which has made it more difficult to raise capital or borrow money. Our plans for growth require regular access to the capital and credit markets. If current levels of market disruption and volatility continue or worsen, access to capital and credit markets could continue to be disrupted making growth through acquisitions and development projects difficult or impractical to pursue until such time as markets improve. The volatility in capital and credit markets may also have a material adverse effect on the market value of our common shares.

We previously made several investments with a developer, including a significant loan commitment on a planned resort development. There can be no assurance that the resort development will be completed or that the deterioration of the developer s financial condition or sources of liquidity will not have a material adverse effect on the resort development, our other investments with the developer or our financial condition and results of operations.

Concord Resorts owes us in excess of $133.1 million pursuant to a secured first mortgage loan related to a planned resort development in Sullivan County, New York. Our commitment to advance additional funds is no longer applicable due to the developer s continuing inability to meet the required terms. Concord Resorts has ceased making interest payments to us as contractually obligated under the loan agreement and is therefore in default. Because the resort development is delayed indefinitely, there can be no assurance that our investment in Concord Resorts (the net carrying value of which was $133.1 million at March 31, 2010) will not be subject to an impairment loss, which could result in a material adverse impact on our financial condition and results of operations.

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Concord Resorts is controlled by Louis Cappelli, a real estate developer with whom we have several other investments, including the entertainment retail centers in New Rochelle, New York and White Plains, New York and $30.7 million of loans to Mr. Cappelli and his affiliates. During the fiscal year ended December 31, 2009, we recorded an impairment charge for our interest in the White Plains entertainment retail center of $35.8 million, and have established a $28.0 million loan loss reserve on impaired loans to Mr. Cappelli and his affiliates. Additionally, during the three month period ended March 31, 2010, we established an additional $0.7 million loan loss reserve on an impaired loan to our minority joint venture partner in New Roc, an affiliate of Mr. Cappelli.

There can be no assurance that the cancellation or indefinite delay of the Concord Resorts development, or the deterioration of Mr. Cappelli s financial condition or sources of liquidity, would not have a material adverse effect on our investments with Mr. Cappelli, our ability to collect amounts due under the loans to Mr. Cappelli and his affiliates or our financial condition and results of operations.

We are engaged in pending litigation proceedings with a developer, which if not resolved in our favor, could harm our business.

On December 31, 2009, we filed a petition with the Western District of Missouri seeking payment of amounts due under the various loans to Mr. Cappelli and his affiliates, including Concord Resorts, and a declaratory judgment that we have no obligation to make an additional advance to Concord Resorts under any prior loan commitment.

On April 9, 2010, Mr. Cappelli and certain of his affiliates filed a complaint against us and certain of our subsidiaries in the Supreme Court of the State of New York, County of Westchester, seeking money damages totaling approximately $1.2 billion relating to the casino project in Sullivan County and the entertainment retail center in White Plains, New York, along with declaratory relief and derivative relief.

We intend to vigorously pursue our claims against Mr. Cappelli and his affiliates, and to vigorously defend the claims made by Mr. Cappelli and certain of his affiliates against us. While the Company believes that the claims it has asserted against Mr. Cappelli and his affiliates are meritorious, and that the claims asserted by Mr. Cappelli and his affiliates against us are without merit, there can be no assurance as to the result of the claims or their likely impact on the Company. In the event either of the claims, or any additional claims, are determined adversely against us, such verdicts may severely impact our business and results of operations.

Adverse market and economic conditions may continue to adversely affect us and could cause us to recognize additional impairment charges and loan loss reserves with respect to our properties and investments, or otherwise harm our performance.

Ongoing adverse market and economic conditions and market volatility will likely continue to make it difficult to value the properties and investments owned by us and our unconsolidated joint ventures. There may be significant uncertainty in the valuation, or in the stability of the value, of such properties and investments that could result in a substantial decrease in their value. We cannot assure you that we will be able to recover the current carrying value of all of our properties and investments and those of our unconsolidated joint ventures or our goodwill in the future. Our failure to do so would require us to recognize additional impairment charges or loan loss reserves for the period in which we reached that conclusion, which could materially and adversely affect us and the market price of our common shares.

We depend on leasing space to tenants on economically favorable terms and collecting rent from our tenants, who may not be able to pay, and we have experienced loss of tenants and tenant defaults under our leases.

Consumer spending has been negatively impacted by adverse economic conditions. This has resulted in lower sales volume and profitability to many retail and other merchants, including those who are our tenants. As such, delinquencies of tenants under our leases have increased, causing us to increase the related bad debt reserve as warranted. We may experience additional loss of tenants and tenant defaults which may have a material adverse effect on our business or cause us to increase the amount of our bad debt reserves.

Our shareholders will experience dilution as a result of this offering and we may be unable to invest the proceeds we receive from this offering in a timely manner.

We expect this offering to have a dilutive impact on our earnings per share and funds from operations (FFO) per share for 2010. The actual impact cannot be determined at this time and is based on numerous factors. Achieving our expected levels of financial performance will depend significantly upon our ability to utilize a significant portion of the net proceeds of this offering in a timely manner in accretive transactions. However, our current investment pipeline is subject to numerous uncertainties and conditions that make it difficult to predict if or when our potential transactions will be consummated. For a description of these potential transactions, see Prospectus Supplement Summary Recent Developments Investment Pipeline. If our current investment pipeline does not result in completed transactions, we may experience delays in locating and securing attractive alternative investments, which have become much more difficult to identify and consummate as a result of current economic uncertainties, the downturn in the real estate markets and tight credit markets. These delays could result in additional dilution and may cause our financial results, including FFO per share, to fall short of expectations and potentially reduce the rate at which we pay distributions to our shareholders.

We may issue equity or debt securities. This may materially and adversely affect the price of our common shares and such debt securities may contain restrictive covenants.

We may issue additional common shares, preferred shares or other securities convertible into or exchangeable for our common shares. We may also issue debt securities or convertible debt securities. If we issue any of these securities, the price of our common shares may be materially and adversely affected. In addition, the terms of any debt securities may contain restrictive covenants which may limit our ability to operate our business.

We have recently commenced discussions with our current lenders and other financial institutions regarding the potential incurrence of new or alternative debt financing. The incurrence of additional debt as a result of any such new or alternative debt financing may adversely affect the price of our common shares.

We are seeking commitments for a new unsecured revolving credit facility with lenders that would replace our existing secured revolving credit facility. We anticipate that this potential revolving credit facility would initially provide availability for borrowing of up to $300 million (which could be increased by up to $100 million). If we increase our indebtedness under our new unsecured revolving credit facility or incur additional debt, the price of our common shares may be materially and adversely affected

We may not be able to pay distributions upon events of default under our financing documents.

Some of our financing documents contain restrictions on distributions upon the occurrence of events of default thereunder. If such an event of default occurs, such as our failure to pay principal at maturity or interest when due for a specified period of time, we would be prohibited from making payments on our shares of beneficial interest, including our common shares.

USE OF PROCEEDS

The net proceeds to us from the sale of common shares offered hereby are expected to be approximately $ ($ if the underwriters exercise their over-allotment option in full), after deducting the underwriting discount and commissions and our estimated offering expenses.

We intend to use the net proceeds from this offering for general business purposes, which may include funding the acquisition, development or financing of properties or the repayment of debt. We consider investment, acquisition and financing transaction opportunities that may become available to us from time to time, particularly those relating to property categories which allow us to utilize our experience to mitigate some of the risks inherent in the current economic environment. We have entered into a letter of intent relating to the acquisition of 12 theatre properties for approximately $123.6 million. The transaction contemplated by the letter of intent is contingent on the negotiation and execution of definitive agreements, due diligence and other contingencies. We cannot assure you that this transaction will be completed on the terms described above or at all. Pending application to the uses described above, we intend to use a portion of the net proceeds from this offering to reduce indebtedness under our revolving credit facility and to invest any remaining net proceeds in interest-bearing accounts and short-term interest-bearing securities which are consistent with our qualification as a REIT under the Code.

Our existing revolving credit facility bears interest at a floating rate equal to LIBOR (subject to a 2.0% floor) plus 3.5%. Alternatively, we can elect to have interest accrue at the base rate plus 3.5%. The base rate is defined as the greater of the prime rate, the federal funds rate plus 0.5%, or the then-current LIBOR (subject to a 2.0% floor). The revolving credit facility matures on October 26, 2011 and may be extended for an additional year at our option subject to certain terms and conditions, including payment of an extension fee. As described in the section Recent Developments Debt Financing Plans, we are currently discussing the potential refinancing or replacement of our revolving credit facility. As discussed above, a portion of the proceeds will be used to repay amounts outstanding under our revolving credit facility. Citicorp North America, Inc., an affiliate of one of the underwriters, Citigroup Global Markets Inc., is a lender under the credit facility and will receive approximately 11.6% of any proceeds from this offering that are used to repay indebtedness under the credit facility. Goldman Sachs Lending Partners LLC, an affiliate of one of the underwriters, Goldman, Sachs & Co., is also a lender under the credit facility and will receive approximately 9.3% of any proceeds of this offering that are used to repay indebtedness under the credit facility. JPMorgan Chase Bank, N.A., an affiliate of one of the underwriters, J.P. Morgan Securities Inc., is also a lender under the credit facility and will receive approximately 18.6% of any proceeds of this offering that are used to repay indebtedness under the credit facility. KeyBank National Association, an affiliate of one of the underwriters, KeyBanc Capital Markets Inc., is also a lender under the credit facility and will receive approximately 18.6% of any proceeds of this offering that are used to repay indebtedness under the credit facility. Royal Bank of Canada, an affiliate of one of the underwriters, RBC Capital Markets Corporation, is also a lender under the credit facility and will receive approximately 18.6% of any proceeds of this offering that are used to repay indebtedness under the credit facility.

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CAPITALIZATION

The following table describes our actual capitalization as of March 31, 2010, and our capitalization on an as adjusted basis to reflect the issuance and sale of the 3,000,000 common shares offered by this prospectus supplement (assuming no exercise of the underwriters over-allotment option) and the application of the net proceeds from this offering as described in Use of Proceeds (other than with respect to any potential acquisitions). This information should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements and schedules and notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations included in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, incorporated by reference in this prospectus supplement.