

CONSOLIDATED FINANCIAL STATEMENTS

Centro NP Residual Holding LLC and Subsidiaries
Years Ended June 30, 2010 and 2009
With Report of Independent Auditors

Centro NP Residual Holding LLC and Subsidiaries

Consolidated Financial Statements

Years Ended June 30, 2010 and 2009

Contents

Report of Independent Auditors	1
Consolidated Financial Statements	
Consolidated Balance Sheets	2
Consolidated Statements of Operations	3
Consolidated Statements of Changes in Members' Capital	4
Consolidated Statements of Cash Flows.....	5
Notes to Consolidated Financial Statements	6

Report of Independent Auditors

To the Members of Centro NP Residual Holding LLC, and Subsidiaries:

We have audited the accompanying consolidated balance sheets of Centro NP Residual Holding LLC, and Subsidiaries (the “Entity”) as of June 30, 2010 and 2009, and the related consolidated statements of operations, changes in members’ capital, and cash flows for the years then ended. These financial statements are the responsibility of the Entity’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Entity’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Centro NP Residual Holding LLC, and Subsidiaries at June 30, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Entity will continue as a going concern. As more fully described in Note 2, the Entity’s debt is cross-defaulted with various Super LLC and its subsidiaries’ debt agreements, and there is substantial doubt about Super LLC’s ability to continue as a going concern. In addition, the Entity’s liquidity is subject to, among other things, current restrictions upon its ability to incur further indebtedness and the existence of restrictions upon operations which increase the risk of default and cross-default of existing debt. Uncertainty also exists due to the refinancing issues currently experienced by the Entity’s ultimate parent investors, Centro Properties Limited and Centro Property Trust. The 2010 consolidated financial statements of the Entity do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Ernst & Young LLP

October 28, 2010

Centro NP Residual Holding LLC and Subsidiaries

Consolidated Balance Sheets (In Thousands)

	June 30	
Assets	2010	2009
Real estate:		
Land	\$ 916,842	\$ 917,900
Buildings, improvements and equipment	2,023,188	2,021,354
Accumulated depreciation	(216,004)	(152,617)
Net real estate	2,724,026	2,786,637
Cash and cash equivalents	74,825	19,258
Restricted cash	7,056	5,401
Receivables:		
Rent, net of allowance for doubtful accounts of \$6,583 and \$5,506 at June 30, 2010 and 2009, respectively	36,907	29,352
Deferred rent, net of allowance of \$838 and \$232 at June 30, 2010 and 2009, respectively	16,734	14,208
Other, net	1,282	1,855
Due from related parties	24,961	25,454
Prepaid expenses and deferral charges, net of accumulated amortization of \$23,091 and \$15,722 at June 30, 2010 and 2009, respectively	29,166	31,874
Intangible assets, net of accumulated amortization of \$248,473 and \$198,625 at June 30, 2010 and 2009, respectively	264,044	324,924
Other assets	1,810	2,717
Total assets	\$ 3,180,811	\$ 3,241,680
Liabilities and members' capital		
Liabilities:		
Mortgages payable	\$ 663,213	\$ 663,213
Credit facilities	1,003,981	931,611
Financing liability	15,194	15,194
Due to related parties	23,768	32,460
Accounts payable and accrued expenses	45,433	35,213
Below market leases, net of accumulated amortization of \$100,373 and \$75,279 at June 30, 2010 and 2009, respectively	109,030	137,214
Tenant security deposits	5,912	6,385
Total liabilities	1,866,531	1,821,290
Commitments and contingencies	-	-
Members' capital	1,314,280	1,420,390
Total liabilities and members' capital	\$ 3,180,811	\$ 3,241,680

The accompanying notes are an integral part of these consolidated financial statements.

Centro NP Residual Holding LLC and Subsidiaries

Consolidated Statements of Operations

(In Thousands)

	Years Ended June 30	
	2010	2009
Revenues		
Rental income	\$ 267,454	\$ 252,296
Percentage rents	2,182	1,736
Expense reimbursements	69,011	65,565
Total revenues	338,647	319,597
Operating expenses		
Operating costs	49,524	48,786
Real estate taxes	50,461	44,432
Depreciation and amortization	125,329	127,210
Provision for doubtful accounts	5,352	2,617
Impairment of real estate assets	10,898	27,237
General and administrative	5,682	6,220
Total operating expenses	247,246	256,502
Income from continuing operations before other income and expenses	91,401	63,095
Other income (expenses)		
Interest, dividend and other income	930	1,453
Unrealized loss on financial instruments	(1,671)	(2,838)
Interest expense	(83,557)	(81,466)
Total other income (expenses)	(84,298)	(82,851)
Income (loss) from continuing operations	7,103	(19,756)
Income (loss) from discontinued operations	203	(1,486)
Net income (loss)	\$ 7,306	\$ (21,242)

The accompanying notes are an integral part of these consolidated financial statements.

Centro NP Residual Holding LLC and Subsidiaries

Consolidated Statements of Changes in Members' Capital (In Thousands)

	Total Members' Capital
Members' capital, July 1, 2008	\$ 1,314,494
Distribution to members	(377,937)
Contribution of assets from members ⁽¹⁾	505,075
Net loss	(21,242)
Members' capital, June 30, 2009	<u>1,420,390</u>
Distribution to members	(113,416)
Net income	7,306
Members' capital, June 30, 2010	<u><u>\$1,314,280</u></u>

⁽¹⁾ Members' contributions relating to the transfer of 49 properties from Centro NP LLC ("Centro NP") to Centro NP Residual Holding LLC.

The accompanying notes are an integral part of these consolidated financial statements.

Centro NP Residual Holding LLC and Subsidiaries

Consolidated Statements of Cash Flows (In Thousands)

	Years Ended June 30	
	2010	2009
Cash flows from operating activities		
Net income (loss)	\$ 7,306	\$ (21,242)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization, including amortization of lease intangibles	125,356	127,504
Amortization of deferred debt and loan acquisition costs	4,369	6,472
Amortization of net premium/discount on mortgages payable	-	35
Amortization of above and below market leases	(24,849)	(26,292)
Unrealized loss on financial instruments	1,671	2,838
Impairment of real estate assets	10,898	29,044
Amortization of asset retirement obligations	73	56
Gain on sale of real estate	(205)	(67)
Changes in operating assets and liabilities, net:		
Restricted cash	(1,655)	(5,060)
Trade receivables	(7,559)	(1,889)
Deferred rent receivables	(2,530)	(5,735)
Other receivables	573	870
Due from related parties	3,822	(521)
Prepaid expenses, deferred charges and other assets	(4,914)	(8,604)
Due to related parties	(9,847)	(19,864)
Accounts payable and accrued expenses	10,185	(9,671)
Tenant security deposits	(463)	(72)
Net cash provided by operating activities	112,231	67,802
Cash flows from investing activities		
Purchase of financial instruments	(996)	(3,734)
Proceeds from real estate sales, net	4,086	-
Real estate acquisitions and building improvements	(16,588)	(17,476)
Net cash used in investing activities	(13,498)	(21,210)
Cash flows from financing activities		
Proceeds from credit facility borrowing	72,370	394,512
Repayment of credit facility	-	(53,000)
Financing fees	(2,120)	(2,120)
Distribution to members	(113,416)	(377,937)
Net cash used in financing activities	(43,166)	(38,545)
Net increase in cash and cash equivalents	55,567	8,047
Cash and cash equivalents at beginning of year	19,258	11,211
Cash and cash equivalents at end of year	\$ 74,825	\$ 19,258
Supplemental disclosure of cash flow		
Cash paid for interest, net of amount capitalized	\$ 81,542	\$ 81,062
Capitalized interest	\$ 354	\$ 2,657
Contribution of assets from members	\$ -	\$ 505,075

The accompanying notes are an integral part of these consolidated financial statements.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2010

1. Business and Organization

On July 11, 2007, Centro NP LLC (“Centro NP”) and Super LLC (“Super” and, together with Centro NP, the “Members”) formed Centro NP Residual Holding LLC (together with its subsidiaries, the “Entity”) as a limited liability company with a principal business of ownership and development of community and neighborhood shopping centers throughout the United States.

In connection with the formation of the Entity and with subsequent contributions made thereafter in fiscal years 2008 and 2009, Centro NP contributed 49% of its interest in certain subsidiaries, owning 122 real properties with an approximate value of \$2.3 billion, to the Entity. Centro NP distributed the remaining 51% of its interest in the transferred entities to Super, and Super contributed such interest in the transferred entities to the Entity. Following these transactions, Centro NP owned 49% of the non-managing interest in the Entity, and Super owned 51% of the managing member interest in the Entity. Additionally, in November 2007, Super contributed its interest in certain subsidiaries, owning 39 real properties with an approximate value of \$385.0 million, to the Entity. Under the terms of the operating agreement of the Entity, Members are not obligated to contribute any additional capital to the Entity.

Net income is allocated to the Members in proportion to their participating percentages.

The Entity owned 160 stabilized retail properties and one property under redevelopment in 29 states as of June 30, 2010. The 161 properties include 160 community and neighborhood shopping centers with approximately 26.9 million square feet of gross leasable area (“GLA”), and one related retail asset with approximately 42,000 square feet of GLA. At June 30, 2010, the GLA for the properties was approximately 88% leased. All properties are held in fee simple.

The following table sets forth certain information as of June 30, 2010 regarding these properties on a state-by-state basis:

<u>State</u>	<u>Number of Properties</u>	<u>Percent Leased</u>	<u>GLA ⁽¹⁾</u>	<u>Percent of Scheduled ABR ⁽²⁾</u>
Alabama	2	85%	273,950	0.6%
Arizona	3	80%	601,212	1.7%
California	4	93%	660,220	4.5%
Connecticut	3	88%	242,280	1.5%
Florida	11	90%	1,929,021	9.1%
Georgia	15	85%	1,772,153	6.2%
Illinois	9	88%	1,773,233	7.4%
Indiana	6	86%	1,137,264	3.7%

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Business and Organization (continued)

<u>State</u>	<u>Number of Properties</u>	<u>Percent Leased</u>	<u>GLA ⁽¹⁾</u>	<u>Percent of Scheduled ABR ⁽²⁾</u>
Kansas	1	89%	164,838	0.5%
Kentucky	6	93%	1,060,484	3.5%
Louisiana	2	84%	345,573	0.7%
Maryland	1	67%	141,702	0.6%
Massachusetts	3	86%	445,033	1.4%
Michigan	11	89%	1,696,883	5.0%
Minnesota	7	89%	1,021,815	4.0%
Missouri	3	97%	446,948	1.4%
Nevada	1	90%	144,216	0.6%
New Jersey	2	100%	225,640	1.2%
New Hampshire	1	81%	146,947	0.3%
New York	7	81%	1,113,318	4.8%
North Carolina	6	88%	1,325,399	3.3%
Ohio	12	81%	2,435,299	7.5%
Pennsylvania	5	92%	1,070,720	4.4%
South Carolina	3	84%	271,978	1.1%
Tennessee	10	88%	2,232,029	6.7%
Texas	19	93%	2,984,986	14.2%
Vermont	1	99%	224,514	0.8%
Virginia	5	92%	674,833	2.4%
Wisconsin	2	92%	368,332	0.9%
	<u>161</u>	<u>88%</u>	<u>26,930,820</u>	<u>100.0%</u>

⁽¹⁾ GLA represents gross leasable area in square feet.

⁽²⁾ ABR represents 2010 scheduled ABR based on contractual minimum lease payments as of June 30, 2010.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

3. Business and Organization (continued)

The following table sets forth a schedule of lease expirations for leases in place as of June 30, 2010 for each of the next ten years and thereafter, assuming no exercise of renewal options or base rent escalations over the lease term:

	Number of Leases Expiring	Leased GLA	Percent of Total ABR
2011	676	3,471,268	14.5%
2012	602	2,782,223	12.8%
2013	464	2,736,682	13.4%
2014	393	2,718,276	12.5%
2015	290	2,960,511	11.00%
2016	166	2,494,269	8.8%
2017	64	1,017,751	4.5%
2018	52	919,391	3.4%
2019	57	739,742	3.3%
2020+	222	3,905,224	15.8%
	<u>2,986</u>	<u>23,745,337</u>	<u>100.0%</u>

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Entity and its wholly owned subsidiaries. All significant intercompany transactions and balances among consolidated entities have been eliminated.

Basis of Presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies

Going Concern

There is substantial doubt about the Entity's ability to continue as a going concern given that the Entity's debt is cross-defaulted with Super and its subsidiaries' debts, and there is substantial doubt about the ability of Super to continue as a going concern. The Entity's liquidity is subject to, among other things, current restrictions upon its ability to incur further indebtedness and the existence of restrictions upon operations which increase the risk of default and cross-default of existing debt. Uncertainty also exists due to the refinancing issues currently experienced by the Entity's ultimate parent investors, Centro Properties Limited ("CPL") and Centro Property Trust ("CPT").

The annual financial statements of CPL and CPT, which were lodged with Australian regulatory bodies on August 31, 2010, identified significant uncertainty (equivalent to substantial doubt) about those entities' ability to continue as a going concern.

As of June 30, 2010, certain of the Entity's credit facilities are scheduled to mature in December 2010. On July 28, 2010 Super and the Entity entered into a series of amended debt agreements which among other things, extended maturities on various credit facilities to December 2011. See Note 14- Subsequent Events for further information.

Management is working with both its lenders and the lenders of its affiliated entities, and also with management of the ultimate parent investors of the Entity, to access a number of options that address the Entity's ongoing liquidity issues. Factors that may impact this include the current and future condition of the credit market and the US retail real estate market.

No adjustments were made to the consolidated financial statements in relation to this uncertainty.

Cash and Cash Equivalents

For purposes of the statement of cash flow and balance sheet presentation, the Entity considers investment with an original maturity of three months or less to be cash and cash equivalents.

Restricted Cash

Cash escrow and other deposits represent cash deposited in escrow, which is to be used for the payment of real estate taxes, insurance, and future capital expenditures as required by certain loan agreements. All restricted cash is invested in money market accounts.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Real Estate

Land, buildings and building and tenant improvements are recorded at cost and stated at cost less accumulated depreciation. Major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives, ordinary repairs and maintenance are expensed as incurred. Land, buildings and building and tenant improvements that are under redevelopment, or are being developed, are carried at cost and no depreciation is recorded on these assets. Additionally, amounts essential to the development of the property, such as pre-construction costs, development costs, construction costs, interest costs, real estate taxes, salaries and related costs and other costs incurred during the period of development are capitalized. The Entity ceases capitalization when the property is available for occupancy upon substantial completion of tenant improvements, but in any event no later than one year from the completion of major construction activity.

Properties are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings	40 years
Building Improvements	5 to 40 years
Tenant Improvements	The shorter of the term of the related lease or useful life

Long-Lived Assets

On a periodic basis, management assesses whether there are any indicators that the value of its real estate properties may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property (taking into account the anticipated holding period of the assets) is less than the carrying value of the property. Such cash flows consider factors such as expected future operating income trends and prospects, as well as the effects of demand, competition and other economic factors. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the fair value of the property. In conducting an impairment analysis of the Entity's long-lived assets, management applied a probability weighting as to how long the assets would be held prior to disposal, as required by the Property, Plant, and Equipment Topic of Financing Accounting Standards Board ("FASB") Accounting Standards Codification (the "Codification"). The probability weighting takes into consideration the likelihood of disposal of each asset.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Long-Lived Assets (continued)

During the year ended June 30, 2009, due to deterioration of forecasted cash flows from operational factors (such as increased vacancies and tenant bankruptcies) over the estimated holding period, the Entity had recognized an impairment charge of approximately \$29.0 million (\$27.2 million relating to continuing operations and \$1.8 million relating to discontinued operations, refer to Note 13).

For the year ended June 30, 2010, an impairment charge was recorded in the amount of approximately \$10.9 million. The impairment charge for the year ended June 30, 2010 arose due to a decrease in the estimated cash flows for the property over the estimated holding periods. The changes to cash flows included both revisions to the forecast sale price and operating cash flows.

The decrease in forecast sale prices on the Entity's real estate investments has been caused by increase in market capitalization rates or a decrease in cash flows during the year ended June 30, 2010. The increase in market capitalization rates is a response to various market trends, in particular the growing negative economic outlook.

In relation to changes to forecast operating cash flows, management undertook a detailed reforecast of real estate net operating results during the year ended June 30, 2010. This reforecast identified reduced cash flows due to changes in lease up assumptions and tenant vacancies.

When assets are identified by management as held for sale, the Entity discontinues depreciating the assets and estimates the sales price, net of selling costs, of such assets. If, in management's opinion, the net sales price of the assets that have been identified for sale is less than the net book value of the assets, an impairment charge is recorded. As of June 30, 2010, there were no assets accounted for as held for sale.

Purchase Price Allocation

As discussed in Note 1, the net assets of the transferred entities contributed to the Entity were accounted for at the recorded amount of the net assets immediately prior to being contributed to the Entity and after reduction, if appropriate, for an indicated impairment of value. Therefore the purchase price allocation of property of the Entity is based upon the purchase price allocation conducted when the property was initially acquired by these entities that contributed the net assets to the Entity. The value of the tangible assets, consisting of land, buildings and building

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Purchase Price Allocation (continued)

and tenant improvements, are determined as if vacant (i.e., at replacement cost). Intangible assets, including the above-market value of leases and the value of in-place leases, are recorded at their relative fair values.

Above-market and below-market lease values for owned properties are recorded based on the present value (using an interest rate reflecting the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the leases negotiated and in-place at the time of acquisition and (ii) management's estimate of fair market lease rates for the property or equivalent property, measured over a period equal to the remaining non-cancelable term of the lease. The capitalized above-market or below-market lease value is amortized as a reduction of, or increase to, rental income over the remaining non-cancelable term of each lease, plus any renewal periods with fixed rental terms that are considered to be below-market.

The total amount of other intangible assets allocated to in-place lease values is based on management's evaluation of the specific characteristics of each lease and the Entity's overall relationship with each tenant. Factors considered in the allocation of these values include, but are not limited to, the nature of the existing relationship with the tenant, the tenant's credit quality, the expectation of lease renewals, the estimated carrying costs of the property during a hypothetical expected lease-up period, current market conditions and costs to execute similar leases. Management will also consider information obtained about a property in connection with its pre-acquisition due diligence. Estimated carrying costs include real estate taxes, insurance, other property operating costs and estimates of lost rentals at market rates during the hypothetical expected lease-up periods, based on management's assessment of specific market conditions. Management will estimate costs required to execute leases including commissions and legal costs to the extent that such costs are not already incurred with a new lease that has been negotiated in connection with the purchase of a property. Independent appraisals and/or management's estimates will be used to determine these values.

The value of in-place leases is amortized to expense over the remaining initial term of each lease. The value of tenant relationship intangibles is amortized to expense over the initial terms of the leases; however, no amortization period for intangible assets will exceed the remaining depreciable life of the building.

In the event that a tenant terminates its lease, the unamortized portion of each intangible, including market rate adjustments, lease origination costs, in-place values and tenant relationship values, will be charged as an expense.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Deferred Leasing and Loan Origination Costs

Costs incurred in obtaining tenant leases (including internal leasing costs) are amortized using the straight-line method over the terms of the related leases and included in depreciation and amortization. Unamortized deferred leasing costs are charged to amortization expense upon early termination of the lease. Costs incurred in obtaining long-term financing are amortized and charged to interest expense using the straight-line method over the terms of the related debt agreements, which approximates the effective interest method.

Rent Receivable

Rent receivable of \$36.9 million and \$29.4 million are stated net of allowance for doubtful accounts as of June 30, 2010 and 2009, respectively. The Entity makes estimates of the uncollectability of its accounts receivable related to base rents, expense reimbursements and other revenues. The Entity analyzes accounts receivable and historical bad debt levels, customer credit-worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. In addition, tenants in bankruptcy are analyzed and estimates are made in connection with the expected recovery of pre-petition and post-petition claims.

Asset Retirement Obligations

The Entity accounts for conditional asset retirement obligations in accordance with the Asset Retirement and Environmental Obligations Topic of the Codification. A conditional asset retirement obligation refers to a legal obligation (pursuant to existing law or contract) to perform an asset retirement activity in which the timing and/or method of settlement are conditioned upon the occurrence of a future event that may or may not be within our control. The Entity's conditional asset retirement obligations arise primarily from legal requirements to decontaminate buildings at the time the buildings are sold or otherwise disposed of. In accordance with the accounting guidance, the Entity has reasonably estimated the fair value of its conditional asset retirement obligations and has recognized a liability for conditional asset retirement obligations of approximately \$1.3 million and \$1.2 million as of June 30, 2010 and 2009, respectively.

Revenue Recognition

Fixed minimum rents from operating leases are recognized on a straight-line basis, including any rent holiday period, over the initial terms of the related leases. The cumulative difference between lease revenue recognized under this method and contractual lease payment terms is recorded as "deferred rent receivable" on the accompanying consolidated balance sheet. Certain

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

tenants are required to pay percentage rent if their sales volumes exceed thresholds specified in their lease agreements. Percentage rent is recognized as revenue when the thresholds are achieved and the amounts become determinable. Any lease inducements paid to tenants are amortized as a reduction of revenue over the initial terms of the related leases.

The Entity receives reimbursements from tenants for real estate taxes, insurance, common area maintenance, and other recoverable operating expenses as provided in the lease agreements. Tenant reimbursements are recognized as revenue in the period the related operating expenses are incurred.

Income from Discontinued Operations

Income from discontinued operations is computed in accordance with accounting guidance related to discontinued operations in the Codification Topic Property, Plant, and Equipment. The accounting guidance requires, among other things, that the primary assets and liabilities and the results of operations of the Entity's real property that has been sold, or otherwise qualifies as "held for sale", be classified as discontinued operations and segregated in the accompanying consolidated statement of operations and consolidated balance sheet. Properties classified as real estate held for sale generally represent properties that are under contract for sale and are expected to close within the next twelve months.

Derivative Financial Instruments

The Entity accounts for derivative and hedging activities in accordance with the Derivatives and Hedging Topic of the Codification. The Codification requires the Entity to measure derivatives, including certain derivatives embedded in other contracts, at fair value and to recognize them in the Consolidated Balance Sheet as assets or liabilities, depending on the Entity's rights or obligations under the applicable derivative contract. The Entity does not qualify for hedge accounting under the Derivatives and Hedging Topic of the Codification. Accordingly, for all derivative instruments the changes in fair value of the derivative instrument is recorded in earnings.

During the 2009 and 2010 fiscal years, the Entity entered into interest rate cap agreements on approximately \$1.0 billion of debt expiring on October 15, 2010 and December 31, 2010. The Entity will receive a payout under the terms of the cap if the one-month LIBOR rate exceeds 2.60-3.00%. Additionally, the Entity entered into four interest rate corridor agreements on \$597.5 million of debt expiring on December 31, 2010. Under the interest rate corridor

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Derivative Financial Instruments (continued)

agreement the Company will receive a payout under the terms of the respective interest rate corridor agreements if the one month LIBOR rate exceeds 1.0% up to 2.60%. These additional interest rate corridors were purchased in addition to and do not replace the aforementioned interest rate cap agreements. The objective for holding these derivative financial instruments is to provide protection against an increase in LIBOR rates. It is also noted that the Entity entered into these interest rate cap agreements as a requirement of the Entity's lender in extending certain debt through December 31, 2010. The following table summarizes the terms and fair values of the Entity's derivative financial instruments at June 30, 2010.

The notional amounts at June 30, 2010 provide an indication of the extent of the Entity's involvement in these instruments at that time, but do not represent exposure to credit, interest or market risks (dollars in thousands):

Hedge Product	Hedge Type	Notional Amount	Strike	Maturity	Fair Value
Interest Rate Cap	Interest Rate	\$ 424,000	3.00%	10/15/2010	\$ -
Interest Rate Cap	Interest Rate	122,500	2.60	12/31/2010	-
Interest Rate Cap	Interest Rate	151,407	2.60	12/31/2010	-
Interest Rate Cap	Interest Rate	69,552	2.60	12/31/2010	-
Interest Rate Cap	Interest Rate	19,872	2.60	12/31/2010	-
Interest Rate Cap	Interest Rate	69,553	2.60	12/31/2010	-
Interest Rate Cap	Interest Rate	59,616	2.60	12/31/2010	-
Interest Rate Cap	Interest Rate	42,970	2.60	12/31/2010	-
Interest Rate Cap	Interest Rate	19,737	2.60	12/31/2010	-
Interest Rate Cap	Interest Rate	5,639	2.60	12/31/2010	-
Interest Rate Cap	Interest Rate	19,737	2.60	12/31/2010	-
Interest Rate Cap	Interest Rate	16,917	2.60	12/31/2010	-
	Total	<u>\$ 1,021,500</u>			<u>\$ -</u>

Hedge Product	Hedge Type	Notional Amount	Strike	Maturity	Fair Value
Interest Rate Corridor	Interest Rate	\$122,500	1.0%-2.60%	12/31/2010	\$4
Interest Rate Corridor	Interest Rate	370,000	1.0%-2.60%	12/31/2010	10
Interest Rate Corridor	Interest Rate	52,500	1.0%-2.60%	12/31/2010	1
Interest Rate Corridor	Interest Rate	<u>52,500</u>	1.0%-2.60%	12/31/2010	<u>1</u>
	Total	<u>\$597,500</u>			<u>\$16</u>

Derivative financial instruments are included in Other Assets on the face of the consolidated balance sheet. The cost to acquire these derivative financial instruments was approximately \$3.3 million.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Income Taxes

The Entity is organized as a limited liability company and is generally not subject to income tax. Accordingly, no provision for income taxes has been reflected in the financial statements. The Entity, however, is subject to certain state and local taxes equal to \$2.75 million which are reflected in the consolidated financial statements.

The Income Taxes Topic of the Codification, (i) clarifies the accounting for uncertainty in income taxes recognized in companies' financial statements, (ii) prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and (iii) provides guidance on derecognition of recognized tax benefits, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Members have analyzed the Entity's tax position taken on income tax returns for the open 2007 through 2009 tax years and have concluded that no provision for income taxes related to uncertain tax positions is required in the Company's consolidated financial statement as of June 30, 2010.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior period amounts that are considered as part of discontinued operations and intangible assets have been reclassified to conform to the current period presentation. Such reclassifications have no effect on previously reported net loss or equity.

Recently Issued Accounting Standards and Application of New Accounting Standards

Effective July 1, 2009, the Entity adopted the Codification and the Hierarchy of Generally Accepted Accounting (the "Codification"). The Codification became the single source of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities. The Codification now supersedes then-existing

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Standards and Application of New Accounting Standards (continued)

accounting and reporting standards such as FASB Statements, FASB Staff Positions and Emerging Issues Task Force Abstracts. The Codification, which is effective for the Entity commencing July 1, 2009, impacts only the Entity's consolidated financial statement reference disclosures and does not change the application of GAAP.

In September 2009, the FASB issued an update to Codification Topic 740, *Income Taxes*, to address the need for additional implementation guidance on accounting for uncertainty in income taxes for nonpublic entities. The update to Codification Topic 740 was effective for the Entity starting with these Consolidated Financial Statements ended June 30, 2010 and did not have a material impact on the Entity's consolidated financial statements.

On June 12, 2009, the FASB issued an update to Codification Topic 860, *Transfers and Servicing*, to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. This new guidance must be applied to transfers occurring after June 30, 2010.

During January 2010, the FASB issued an update to Topic 820 to improve disclosures related to recurring and nonrecurring fair value measurements. The amendment requires disclosure of transfers in and out of Levels 1 and 2 as well as a description of the reasons for the transfer. The amendment also requires the reconciliation for activity within Level 3 fair value measurements which separately presents purchases, sales, issuances and settlements on a gross basis. It will also be a requirement to disclose valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements that fall within Level 2 or Level 3. The updates to Topic 820 are effective for annual reporting periods beginning after December 15, 2009 except for disclosures related to activity within Level 3 which are effective for fiscal years beginning after December 15, 2010.

It has been determined that any recently issued accounting standards or pronouncements not mentioned in the note have been excluded as they either are not relevant to the Entity, or they are not expected to have a material effect on the consolidated financial statements of the Entity.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

3. Intangible Assets

Intangible assets are comprised of the following (dollars in thousands):

	June 30		Amortization Period
	2010	2009	
In-place lease value, legal fees and leasing commissions	\$ 493,763	\$ 504,308	Life of lease
Above market leases acquired	18,754	19,241	Life of lease
Subtotal	<u>512,517</u>	<u>523,549</u>	
Less: accumulated amortization	(248,473)	(198,625)	
Total	<u>\$ 264,044</u>	<u>\$ 324,924</u>	

Aggregate amortization expense on these assets was as follows and included the write-offs detailed below (dollars in thousands):

	Years Ended June 30	
	2010	2009
Amortization Expense	\$ 56,123	\$ 67,688
Write-offs ⁽¹⁾	3,732	4,397
	<u>\$ 59,855</u>	<u>\$ 72,085</u>

(1) Write-offs relate to tenants that have terminated their leases prior to lease maturity.

The estimated amortization expense on these assets during the next five fiscal years is as follows (dollars in thousands):

Year	
2011	\$43,823
2012	34,931
2013	29,303
2014	24,102
2015	20,289

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Debt Obligations

As of June 30, 2010 and 2009, the Entity had the following debt obligations under various arrangements with financial institutions (dollars in thousands):

	Carrying Value as of June 30		Stated Interest Rates	Scheduled Maturity Date
	2010	2009		
Credit agreements				
Amended and Restated BPR Revolving Credit Facility ⁽¹⁾	\$ 105,000	\$ 105,000	LIBOR + 325 bp ^{(1) (2)}	December 2010 ⁽⁸⁾
Secured Term Loans ⁽³⁾	424,000	424,000	LIBOR + 400 bp ⁽²⁾	October 2010 ⁽³⁾
Secured Term Loans ⁽⁴⁾	122,500	122,500	LIBOR + 250 bp ⁽²⁾	December 2010 ⁽⁸⁾
Residual Credit Facility ⁽⁵⁾	352,481	280,111	LIBOR + 375 bp ⁽²⁾	December 2010 ⁽⁸⁾
Total Credit Agreements	\$ 1,003,981	\$ 931,611		
Mortgages payable				
Fixed Rate Mortgages ⁽⁶⁾	\$ 663,213	\$ 663,213	5.387% - 6.3835%	2013 – 2017
Financing liability ⁽⁷⁾	\$ 15,194	\$ 15,194	8%	November 2028
Total debt	\$ 1,682,388	\$ 1,610,018		

⁽¹⁾ On February 14, 2008, BPR Shopping Center, LLC (“BPR LLC”), an indirect subsidiary of the Entity, entered into a revolving credit facility (the “Preston Ridge Facility”) with JPMorgan Chase Bank, N.A. (as agent and a lender) (“JPMorgan”) and the other lenders party thereto, pursuant to which it can borrow up to \$80.0 million which was increased to \$105.0 million on September 26, 2008. The Preston Ridge Facility is collateralized by the property owned by BPR LLC known as the Centre at Preston Ridge and had a maturity date of September 30, 2008, subject to certain conditions. The Preston Ridge Facility is guaranteed by the Entity and Centro Preston Ridge Member LLC, the sole member of BPR LLC. On January 15, 2009, BPR LLC entered into an amended and restated loan agreement with JPMorgan and the other lenders party thereto, which amended and restated the Preston Ridge Facility and provided among other things, an extension of the maturity date to December 31, 2010 and an increase in the interest rate spread thereunder from 175 basis points to 325 basis points.

⁽²⁾ The Entity incurs interest using the 30-day LIBOR rate which was 0.35% as of June 30, 2010.

⁽³⁾ The Entity entered into a secured term loan with JP Morgan amounting to \$424.0 million in November 2007. The term loan is secured by the 25 properties contributed by Centro NP in November 2007. On September 24, 2009, the Entity exercised its option to extend the maturity date of the term loan to October 9, 2010. The interest rate and any applicable covenants remained unchanged. On October 7, 2010, the Entity entered into an amendment to the loan agreement which, among other things, extended the maturity date to December 9, 2010. Refer to Note 14 for information relating to extension of maturity dates of certain debt agreements subsequent to June 30, 2010.

⁽⁴⁾ The Entity entered into a secured term loan with Keybank National Association, amounting to \$122,500 in November 2007. The term loan is secured by 10 properties located in various states. It is also guaranteed by Super.

⁽⁵⁾ On January 15, 2009, the Entity entered into a loan agreement with JPMorgan and certain other lenders, providing a credit facility (“Residual Credit Facility”) up to \$370.0 million. The Residual Credit Facility is secured by 48 properties which were contributed by Centro NP in January 2009. On July 28, 2010, the Entity entered into an amendment, pursuant to which borrowing on the facility was capped at \$352.5 million.

⁽⁶⁾ It includes a \$300.0 million loan agreement with JP Morgan which is secured by the 18 properties contributed by Centro NP in August 2007.

⁽⁷⁾ On November 11, 2008, the Entity entered into a master lease agreement for a term of 20 years. Refer to Note 6 for further information.

⁽⁸⁾ On July 28, 2010, the Entity entered into various amendments to debt agreements extending the maturity date of such agreements to December 31, 2011. Refer to Note 14 for information relating to the extension of the maturity dates of such debt agreements subsequent to June 30, 2010.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Debt Obligations (continued)

As of June 30, 2010, future expected/scheduled maturities of outstanding debt obligations, excluding financing liability were as follows (dollars in thousands):

Fiscal year ended June 30	
2011	\$1,003,981
2012	-
2013	-
2014	129,236
2015	-
Thereafter	<u>533,977</u>
Total debt obligations	<u><u>\$1,667,194</u></u>

On September 24, 2009, the Entity exercised its option to extend the maturity date of the \$424.0 million Secured Term Loan to October 9, 2010. The interest rate and any applicable covenants remained unchanged. As a condition to the exercise of such option, the Entity entered into an interest rate cap agreement on the \$424.0 million of debt expiring on October 9, 2010. The objective for holding this derivative financial instrument is to provide protection against an increase in LIBOR rates. The interest rate cap agreement is not designated as, nor does it qualify as, hedging instruments under the Derivatives and Hedging Topic of the Codification. The total cost to obtain the interest rate cap agreement was \$0.3 million. Refer to Note 14 for information relating to the extension of the maturity date of the Secured Term Loan subsequent to June 30, 2010.

As of June 30, 2010, the Entity was in compliance with all debt covenants. Furthermore, there were no events of default with Centro NP and Super debt agreements that would cause a cross-default with any of the Entity's debt agreements.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses are comprised of the following (dollars in thousands):

	June 30	
	2010	2009
Property and other taxes payable	\$ 20,693	\$ 22,642
Interest payable	5,072	2,717
Accrued professional costs	3,177	1,428
Accounts payable	10,456	2,070
Ground lease liabilities	4,162	4,277
Asset retirement obligation	1,265	1,197
Other	608	882
Total	\$ 45,433	\$ 35,213

6. Related-Party Transactions

The Entity incurred the following fees for services provided by an affiliated company (dollars in thousands):

	Years Ended June 30		Payable as of June 30	
	2010	2009	2010	2009
Leasing fees	\$ 5,387	\$ 6,229	\$ 899	\$ 2,585
Property management fees	13,242	11,906	164	-
Construction management fees	115	847	30	424
	\$ 18,744	\$ 18,982	\$ 1,093	\$ 3,009

On November 11, 2008, a Class A Preferred Unit Holder of Excel Realty Partners, L.P. ("ERP"), a subsidiary of Centro NP, elected to redeem substantially all of its Class A Preferred Units. Such units were redeemed by ERP in exchange for the fee interest in a property. The Class A Preferred Unit Holder as a landlord and the Entity, as a tenant, entered into a twenty year master lease on the same date. The Entity also has the exclusive right and option to purchase the property as agreed in the agreement. The financing liability shown on the balance sheet represents the liability incurred by the entering of the above mentioned master lease agreement.

As of June 30, 2010, 29 shopping centers (the "Residual Properties") and the Centre at Preston Ridge, Frisco, Texas (the "Preston Ridge Property") remain as collateral for the guaranty of the \$305.5 million outstanding principal balance of the Centro NP Amended July 2007 Facility and \$350.0 million outstanding principal balance of the Super Bridge Loan (as defined below in Note 11).

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

7. Rental Income under Operating Leases

Real estate properties are leased to tenants under operating leases. Future minimum rentals payable by tenants under non-cancelable operating leases, excluding tenant reimbursements of operating expenses and contingent rentals based on tenant sales volume, are approximately as follows at June 30, 2010 (dollars in thousands):

Year Ending June 30,	
2011	\$225,206
2012	195,494
2013	164,746
2014	133,557
2015	107,191
2016 and thereafter	279,916

8. Risk Management and Use of Financial Instruments

Market, Interest Rate Risk and Concentrations of Credit Risk

In the normal course of its ongoing business operations, the Entity encounters economic risk. There are three main components of economic risk: interest rate risk, credit risk and market risk. The Entity is subject to interest rate risk on its interest-bearing liabilities. Credit risk is the risk of default on the Entity's operations that results from tenants' inability or unwillingness to make contractually required payments. Market risk reflects changes in the valuation of the properties due to changes in discount rates or other market factors on the valuation of properties held by the Entity. The Entity does not use derivative instruments to hedge credit or market risk. Concentrations of credit risk arise when a single tenant has a significant lease or an aggregate of multiple leases at more than one property which represent a significant portion of the Entity's revenue. The Entity regularly monitors its tenant base to assess potential concentrations of credit risk. Management believes the current credit risk portfolio is reasonably well diversified and does not contain any unusual concentration of credit risk. The annualized base rent of no individual tenant accounts for more than 5.0% of the Entity's annualized base rent at June 30, 2010.

Use of Derivative Financial Instruments

The use of derivative instruments is, and was, primarily limited to the utilization of interest rate agreements or other instruments to manage interest rate risk exposures and not for speculative purposes. The principal objective of such arrangements is to manage the risks and/or costs associated with the Entity's operating and financial structure, as well as to hedge specific

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Risk Management and Use of Financial Instruments (continued)

transactions. The counterparties to these arrangements are major financial institutions with which the Entity may also have other financial relationships. The Entity is potentially exposed to credit loss in the event of non-performance by these counterparties. However, because of their high credit ratings, the Entity does not anticipate that any of the counterparties will fail to meet these obligations as they come due.

Valuation and liquidity Risk

The Entity may invest in real estate and real estate related investments for which no liquid market exists. The market prices for such investments may be volatile and may not be readily ascertainable. In addition, there continues to be significant disruptions in the global capital, credit and real estate markets. These disruptions have led to, among other things, a significant decline in the volume of transaction activity, in the fair value of many real estate and real estate related investments, and a significant contraction in short-term and long-term debt and equity funding sources. This contraction in capital includes sources that the Entity may depend on to finance certain of its investments. These market developments have had a significant adverse impact on the Entity's liquidity position, results of operations and financial condition and may continue to adversely impact the Entity if market conditions continue to deteriorate. The decline in liquidity and prices of real estate and real estate related investments, as well as the availability of observable transaction data and inputs, may have made it more difficult to determine the fair value of such investments. As a result, amounts ultimately realized by the Entity from investments sold may differ from the fair values presented, and the differences could be material.

Financing Risk

There is no guarantee that the Entity's borrowing arrangements or other arrangements for obtaining leverage will continue to be available, or if available, will be available on terms and conditions acceptable to the Entity. Unfavorable economic conditions also could increase funding costs, limit access to the capital markets or result in a decision by lenders not to extend credit to the Entity. In addition, a decline in market value of the Entity's assets may have particular adverse consequences in instances where the Entity borrowed money based on the fair value of those assets. A decrease in market value of those assets may result in the lender requiring the Entity to post additional collateral or otherwise sell assets at a time when it may not be in the Entity's best interest to do so. In the event the Entity is required to liquidate all or a portion of its portfolio quickly, the Entity may realize significantly less than the value at which it previously recorded those investments.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Risk Management and Use of Financial Instruments (continued)

Credit Facility Risk

Currently, the market for credit facilities is very challenging and many lenders are actively seeking to reduce their balances outstanding by lowering advance rates on financed assets and increasing borrowing costs, to the extent such facilities continue to be available. In the event the Entity is unable to maintain or extend existing and/or secure new lines of credit or collateralized financing on favorable terms, its ability to successfully implement its investment strategy may be significantly impacted and returns to investors may be reduced. In the event the Entity's current credit facilities are not extended or extended with lower advance rates on collateral, the Entity may be required to sell assets at potentially unfavorable prices to payoff such facilities. In addition, if the Entity is required to liquidate all or a portion of its portfolio quickly, the Entity may realize significantly less than the value at which it previously recorded those investments.

Covenant Risk

In the normal course of business, the Entity enters into loan agreements with certain lenders to finance its real estate investment transactions. These loan agreements contain, among other conditions, events of default and various covenants and representations. In addition, certain of the Entity's debt is cross-defaulted with Super debt, and there is substantial doubt about the ability of Super to continue as a going concern. For the year ended June 30, 2010, no loan agreements were terminated as a result of non-compliance with covenants. In the event the Entity's current credit facilities are not extended and/or the Entity is forced to repay such facilities, the Entity may be required to sell assets at potentially unfavorable prices. Furthermore, if the Entity is required to liquidate all or a portion of its portfolio quickly, the Entity may realize significantly less than the value at which it previously recorded those investments.

Development Financing Risk

In order to fund new real estate investments, as well as refurbish and improve existing investments, both the Entity as well as potential owners must periodically spend money. The availability of funds for new investments and maintenance of existing investments depends in large measure on capital markets and liquidity factors over which management can exert little control. Events over the past several months, including recent failures and near failures of a number of large financial service companies, have made the capital markets increasingly volatile. As a result, many current and prospective owners are finding financing to be increasingly expensive and difficult to obtain. In addition, such bankruptcies may prevent some projects that are in construction or development from drawing on existing financing commitments, and replacement financing may not be available or may only be available on less favorable terms.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Risk Management and Use of Financial Instruments (continued)

Delays, increased costs and other impediments to restructuring such projects may affect our ability to execute our investment strategy in connection with such projects. The negative impact of the recent disruptions in the credit markets on the real estate sector generally or the Entity's inability to obtain financing on favorable terms, if at all, may have a material adverse effect on the Entity's results of operations and business.

Diversification Risk

The assets of the Entity are concentrated in the real estate sector. Accordingly, the investment portfolio of the Entity may be subject to more rapid change in value than would be the case if the Entity were to maintain a wide diversification among investments or industry sectors. Furthermore, even within the real estate sector, the investment portfolio may be relatively concentrated in terms of type of real estate investment. This lack of diversification may subject the investments of the Entity to more rapid change in value than would be the case if the assets of the Entity were more widely diversified.

Risks Associated with Liquidity Position

The Members are also dealing with significant liquidity/refinancing issues. Due to the financial constraints of the Members, it is unlikely that they will be able to make additional equity contributions to alleviate the Entity's short-term liquidity needs.

9. Fair Value of Financial Instruments

In accordance with the Fair Value Measurements and Disclosures Topic of the Codification, fair value of the below debt obligations was determined using available market information and discounted cash flow analyses as of June 30, 2010. The discount rate used in calculating fair value is interest rates currently being offered to the Entity for loans with similar terms. Considerable judgment is necessary to interpret market data and to develop the related estimates of fair value. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Entity could realize upon disposition. The use of different estimation methodologies may have a material effect on the estimated fair value amounts. The Entity believes that the carrying amounts reflected in the consolidated balance sheet at June 30, 2010 for cash and cash equivalents, receivables and other liabilities approximate their fair values. The estimated fair value of our debt obligations compared to their carrying amounts is as follows (dollars in thousands):

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Fair Value of Financial Instruments (continued)

	June 30, 2010		June 30, 2009	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Mortgages payable	\$ 663,213	\$ 626,894	\$ 663,213	\$ 618,494
Credit facilities	1,003,981	994,468	931,611	926,790
Financing liability	15,194	15,194	15,194	15,194

10. Fair Value Measurement

New accounting guidance on fair value measurements specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1: Level 1 assets and liabilities include entity securities that are traded in an active exchange market, as well as certain U.S. Treasury and other U.S. government agency securities that are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities. Level 2 assets are derivative instruments for which the fair value is estimated based on valuations obtained from third party pricing services for identical or comparable assets.

Level 3: Unobservable inputs that are supported by little or no market activity. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, for which the determination of fair value requires significant management judgment or estimation.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Fair Value Measurement (continued)

The fair value of the below derivative instruments, which are classified as Other Assets on the consolidated balance sheet, are derived using mid-market discount curves obtained from independent sources within the industry.

Assets measured at fair value on a recurring basis are summarized below (dollars in thousands):

	Recurring			Assets (Liabilities) at Fair Value
	Fair Value Measurements			
	Using			
	Level 1	Level 2	Level 3	
Derivative financial instruments	–	\$16	–	\$16

The following table shows those financial assets measured at fair value on a non-recurring basis as of June 30, 2010:

	Non-recurring			Assets/(Liabilities) at Adjusted Carrying Amount (Based on Fair Value)
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
Impaired real estate	--	--	\$18,796	\$ 18,796

11. Commitments and Contingencies

General

The Entity is not presently involved in any material litigation arising outside the ordinary course of its business. The Entity is currently involved in routine litigation arising in the ordinary course of business, none of which is believed to be material.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Commitments and Contingencies (continued)

Funding Commitments

The Entity did not have any contractual obligations as of June 30, 2010, which will have a material adverse affect on the Entity's operations.

Leasing Commitments

The Entity has entered into leases, as lessee, in connection with ground leases for shopping centers which it operates and administrative space for the Entity. These leases are accounted for as operating leases. The minimum annual rental commitments for these leases during the next five fiscal years and thereafter are approximately as follows (dollars in thousands):

Year	
2011	\$2,281
2012	2,310
2013	2,352
2014	2,352
2015	2,353
Thereafter	63,551

Environmental Matters

Under various federal, state and local laws, ordinances and regulations, the Entity may be considered an owner or operator of real property or may have arranged for the disposal or treatment of hazardous or toxic substances and, therefore, may become liable for the costs of removal or remediation of certain hazardous substances released on or in their property or disposed of by them, as well as certain other potential costs which could relate to hazardous or toxic substances (including governmental fines and injuries to persons and property). Such liability may be imposed whether or not the Entity knew of, or was responsible for, the presence of these hazardous or toxic substances. As is common with community and neighborhood shopping centers, many of the Entity's properties had or have on-site dry cleaners and/or on-site gasoline facilities. These operations could potentially result in environmental contamination at the properties.

The Entity is aware that soil and groundwater contamination exists at some of its properties. The primary contaminants of concern at these properties include perchloroethylene and trichloroethylene (associated with the operations of on-site dry cleaners) and petroleum hydrocarbons (associated with the operations of on-site gasoline facilities). The Entity is also aware that asbestos-containing materials exist at some of its properties. While the Entity does not

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Commitments and Contingencies (continued)

expect the environmental conditions at its properties, considered as a whole, to have a material adverse effect on the Entity, there can be no assurance that this will be the case. Further, no assurance can be given that any environmental studies performed have identified or will identify all material environmental conditions, that any prior owner of the properties did not create a material environmental condition not known to the Entity or that a material environmental condition does not otherwise exist with respect to any of the Entity's properties.

Guarantees

Residual Credit Facility

The Residual Credit Facility is guaranteed by Super, the Entity, Centro NP Residual Holding Sub 1, LLC, a subsidiary of the Entity and the 100% owner of each of the borrowers under the Residual Credit Facility, and certain other subsidiaries of the Entity. It is also collateralized by first mortgage liens on the 48 properties (the "Properties") that were contributed by Centro NP (directly and through a distribution by Centro NP to Super and a subsequent contribution by Super) to the Entity are now owned by the borrowers under the Residual Credit Facility.

On January 15, 2009, third-priority mortgage liens (the "Residual Property Liens") on 30 shopping centers indirectly owned by the Entity were granted to the lenders under the Residual Credit Facility to secure the Residual Credit Facility.

On January 15, 2009, the Residual Credit Facility borrowers granted second-priority mortgage liens on the Properties to secure a guaranty of certain loans (pari passu among such loans) owed by our Members or their subsidiaries, as follows:

- approximately \$169.6 million of the outstanding principal balance (then approximately \$1.75 billion) of the secured bridge loan made by a group of lenders to Super, with JPMorgan as the administrative agent (the "Super Bridge Loan");
- approximately \$107.9 million of the outstanding principal balance of three term loans with an aggregate original principal amount of approximately \$134.9 million made by Bank of America, N.A. to certain subsidiaries of Centro NP on November 6, 2007 (the "AEW Loans"); and
- a term loan in the amount of \$55.0 million made by KeyBank National Association to certain subsidiaries of Centro NP on November 28, 2007 (the "KeyBank Loan").

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Commitments and Contingencies (continued)

Guarantees (continued)

On July 28, 2010, certain subsidiaries of Centro NP entered into various debt agreements of which the proceeds were utilized to repay, among other loans, the AEW Loans and the KeyBank Loan. As a result, the Residual Property Liens became second priority mortgage liens. Further, in connection with repayment of the loans, Centro NP and Super entered into an amendment to the Entity's operating agreement whereby Centro NP was allocated (a) a preferred distribution of up to \$162,925,000 received from (i) the net proceeds from the sale or transfer of any of the Properties (after the repayment of the Residual Credit Facility) or (ii) refinancing proceeds from any of the Properties in excess of amounts necessary to repay the Residual Credit Facility and fees, costs and expenses associated with such refinancing and (b) a preferred distribution of up to an aggregate amount of \$336,000,000 received from (i) the net proceeds from the sale or transfer of any assets of the Entity or (ii) refinancing proceeds from any assets of the Entity in excess of amounts necessary to repay existing debt on such assets and fees, costs and expenses associated with such refinancing. See Note 14- Subsequent Events for further information.

Collateralization of Super Bridge Loan and Centro NP Amended July 2007 Facility

Centro NP Amended July 2007 Facility

On March 28, 2008, as required by the terms of the extension agreement executed on February 14, 2008, the Residual Properties were mortgaged by their owners to secure the Centro NP Amended July 2007 Facility and subsequently transferred to subsidiaries of the Entity subject to the first-priority mortgage liens. Also, on that date, the indirect interests in the owner of the Preston Ridge Property were transferred to the Entity and a second-priority mortgage lien on that property was granted to Bank of America, N.A. to secure a guaranty of the Centro NP Amended July 2007 Facility. The outstanding principal balance of the Centro NP Amended July 2007 Facility was \$306.8 million on March 28, 2008, and the portion of the Centro NP Amended July 2007 Facility secured by the mortgages was limited to that amount. On January 15, 2009, the Centro NP Amended July 2007 Facility was amended to, among other things, extend the term of such loan to December 31, 2010. The Residual Properties and the Preston Ridge Property remain as collateral for the loan as of June 30, 2010. The outstanding debt under the Amended July 2007 Facility was repaid from the proceeds of the various new loans entered into on July 28, 2010 by certain subsidiaries of Centro NP. See Note 14 – Subsequent Events for further information.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Commitments and Contingencies (continued)

Guarantees (continued)

Super Bridge Loan

On March 28, 2008, as required by the terms of the extension agreement executed on February 14, 2008, mortgages of the Residual Properties and the Preston Ridge Property were granted by the owners of those properties to secure a guaranty of \$350.0 million of the outstanding principal balance of the Super Bridge Loan. Such mortgages were subordinate to the mortgages granted to Bank of America, N.A. to secure the Centro NP Amended July 2007 Facility. On January 15, 2009, the Super Bridge Loan was amended and restated to, among other things, extend the term of such loan to December 31, 2010. The Residual Properties and the Preston Ridge Property remain as collateral for the loan as of June 30, 2010. On July 28, 2010, Super entered into an amendment to the Super Bridge Loan with JPMorgan Chase Bank, N.A., as administrative agent, pursuant to which the maturity date was extended to December 31, 2011. Refer to Note 14 – Subsequent Events for further information.

12. Acquisitions and Dispositions

There were no acquisitions during the years ended June 30, 2010 and 2009.

During the year ended June 30, 2010, the Entity sold one shopping center for aggregate gross proceeds of approximately \$4.2 million. Net proceeds after closing costs were approximately \$4.1 million. In connection with the sale of the property, the Entity recorded the results of operations and the related gain on sale as income from discontinued operations (Note 13).

During the year ended June 30, 2009, the Entity sold two land parcels for aggregate gross proceeds of approximately \$0.8 million. In connection with the sale of the land parcels, the Entity recorded the results of operations and the related gain on sale as income from discontinued operations (Note 13).

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Discontinued Operations

The following is a summary of the results of operations from discontinued operations for the years ended June 30, 2010 (dollars in thousands):

	Years Ended June 30	
	2010	2009
Total revenue	\$ 21	\$737
Operating costs	13	87
Real estate taxes	16	80
Depreciation and amortization	27	294
Provision for doubtful accounts	(33)	22
Total operating costs	(23)	483
Income (loss) from discontinued operations before gain on sale of real estate	(2)	254
Impairment of discontinued operations	-	(1,807)
Gain on sale of real estate	205	67
Income (loss) from discontinued operations	\$ 203	\$ (1,486)

14. Subsequent Events

In preparing these financial statements, the Entity evaluated events and transactions for potential recognition or disclosure through October 28, 2010, the date the financial statements were issued.

Extension of Residual Credit Facility

On July 28, 2010, certain subsidiaries of the Entity, entered into an amendment to the Residual Credit Facility with JPMorgan Chase Bank, N.A. (as agent and a lender) and the other lenders party thereto, pursuant to which borrowing on the facility was capped at \$352.5 million. The maturity date has been extended to December 31, 2011 and the applicable margin of 3.75% remains unchanged from the previously negotiated applicable margin.

Term Loans

On July 28, 2010, certain of Centro NP's subsidiaries entered into loan agreements for an aggregate principal amount of \$659.0 million with a weighted average interest rate of 6.75% (collectively, the "Term Loans"). Proceeds from the Term Loans were utilized to repay

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

14. Subsequent Events (continued)

approximately \$469.3 million of Centro NP's debt which had been scheduled to mature on or before December 31, 2010 including, among other loans, the Centro NP Amended July 2007 Facility, the AEW Loans and the Key Bank Loan. As a result, the Residual Property Liens became second priority mortgage liens.

Extension of Super Bridge Loan

On July 28, 2010, Super entered into an amendment to the Super Bridge Loan with JPMorgan Chase Bank, N.A., as administrative agent. Proceeds from the Term Loans were used to repay \$25.0 million of the outstanding balance leaving an approximate outstanding balance of \$1.68 billion. The maturity date has been extended to December 31, 2011 and the applicable margin of 1.75% remains unchanged from the previously negotiated applicable margin.

Amendment to Residual Joint Venture Operating Agreement

On July 28, 2010, in connection with repayment of the loans, Centro NP and Super LLC entered into an amendment to the Entity's operating agreement whereby Centro NP was allocated (a) a preferred distribution of up to \$162,925,000 received from (i) the net proceeds from the sale or transfer of any of the Properties (after the repayment of the Residual Credit Facility) or (ii) refinancing proceeds from any of the Properties in excess of amounts necessary to repay the Residual Credit Facility and fees, costs and expenses associated with such refinancing and (b) a preferred distribution of up to an aggregate amount of \$336,000,000 received from (i) the net proceeds from the sale or transfer of any assets of the Entity or (ii) refinancing proceeds from any assets of the Entity in excess of amounts necessary to repay existing debt on such assets and fees, costs and expenses associated with such refinancing.

Extension of Preston Ridge Facility

On July 28, 2010, BPR LLC entered into an amendment to the Amended and Restated Preston Ridge Facility with JPMorgan Chase Bank, N.A. (as agent and a lender) and the other lenders party thereto, which, among other things, extended the maturity date to December 31, 2011. The applicable margin under the Amended and Restated Preston Ridge Facility remained unchanged. The Amended and Restated Preston Ridge Facility has an outstanding balance of \$105.0 million and no additional amounts may be drawn.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

14. Subsequent Events (continued)

Extension of Secured Term Loan (\$122.5 million)

On July 28, 2010, borrowers of the \$122.5 million secured term loan entered an amendment to the loan agreement which, among other things, extended the maturity date to December 31, 2011.

Extension of Secured Term Loan (\$424.0 million)

On October 7, 2010, borrowers of the \$424.0 million secured term loan entered into an amendment to the loan agreement which, among other things, extended the maturity date to December 9, 2010.

Strategic Transactions

The Entity is currently contemplating a strategic transaction with a material portion of its assets. Such transaction may include a sale of such assets, a joint venture with a third party or some other form of transaction. If a strategic transaction is completed, the proceeds would likely be used to repay indebtedness of the Entity.