

CONSOLIDATED FINANCIAL STATEMENTS

Centro NP Residual Holding LLC and Subsidiaries
For the Three and Six Month Period Ended
December 31, 2010 and 2009
Unaudited

Centro NP Residual Holding LLC and Subsidiaries

Consolidated Financial Statements

For the Three and Six Month Period Ended December 31, 2010 and 2009

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Centro NP Residual Holding LLC and Subsidiaries

Consolidated Balance Sheets

(Unaudited, In Thousands)

Assets	December 31, 2010	June 30, 2010
Real estate:		
Land	\$ 916,842	\$ 916,842
Buildings, improvements and equipment	1,936,337	2,023,188
Accumulated depreciation	(248,118)	(216,004)
Net real estate	2,605,061	2,724,026
Cash and cash equivalents	119,175	74,825
Restricted cash	3,770	7,056
Receivables:		
Rent, net of allowance for doubtful accounts of \$6,130 and \$6,583 at December 31, 2010 and June 30, 2010, respectively	37,555	36,907
Deferred rent, net of allowance of \$875 and \$838 at December 31, 2010 and June 30, 2010, respectively	18,086	16,734
Other, net	2,614	1,282
Due from related parties	1,805	24,961
Prepaid expenses and deferral charges, net of accumulated amortization of \$26,026 and \$23,091 at December 31, 2010 and June 30, 2010, respectively	35,383	29,415
Intangible assets, net of accumulated amortization of \$269,494 and \$248,473 at December 31, 2010 and June 30, 2010, respectively	238,472	264,044
Other assets	5,063	1,561
Total assets	\$ 3,066,984	\$ 3,180,811
 Liabilities and members' capital		
Liabilities:		
Mortgages payable	\$ 973,213	\$ 663,213
Credit facilities	578,481	1,003,981
Financing liability	136,664	15,194
Due to related parties	23,974	23,768
Accounts payable and accrued expenses	52,784	45,433
Below market leases, net of accumulated amortization of \$ 109,073 and \$100,373 at December 31, 2010 and June 30, 2010, respectively	96,161	109,030
Tenant security deposits	5,426	5,912
Total liabilities	1,866,703	1,866,531
Commitments and contingencies	-	-
Members' capital	1,200,281	1,314,280
Total liabilities and members' capital	\$ 3,066,984	\$ 3,180,811

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

Centro NP Residual Holding LLC and Subsidiaries

Consolidated Statements of Operations

(Unaudited, In Thousands)

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
Revenues	2010	2009	2010	2009
Rental income	\$ 66,989	\$ 67,060	\$ 132,512	\$ 135,060
Percentage rents	227	603	464	984
Expense reimbursements	16,688	16,392	33,256	33,462
Total revenues	83,904	84,055	166,232	169,506
Operating expenses				
Operating costs	12,837	11,510	25,019	22,954
Real estate taxes	12,584	12,933	24,978	25,462
Depreciation and amortization	30,691	28,494	59,966	60,522
Provision for doubtful accounts	1,635	1,773	3,025	3,528
Impairment of real estate assets	30,843	8,673	102,278	8,673
General and administrative	1,943	1,631	3,115	3,208
Total operating expenses	90,533	65,014	218,381	124,347
(Loss) income from continuing operations before other income and expenses	(6,629)	19,041	(52,149)	45,159
Other income (expenses)				
Interest, dividend and other income	833	445	1,034	493
Unrealized loss on financial instruments	-	(385)	(17)	(920)
Interest expense	(25,211)	(21,732)	(46,550)	(42,234)
Total other income (expenses)	(24,378)	(21,672)	(45,533)	(42,661)
(Loss) income from continuing operations	(31,007)	(2,631)	(97,682)	2,498
(Loss) income from discontinued operations	-	(1)	-	204
Net (loss) income	\$ (31,007)	\$ (2,632)	\$ (97,682)	\$ 2,702

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

Centro NP Residual Holding LLC and Subsidiaries

Consolidated Statements of Cash Flows

(Unaudited, In Thousands)

	Six Months Ended	
	December 31,	
	2010	2009
Cash flows from operating activities		
Net (loss) income	\$ (97,682)	\$ 2,702
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization, including amortization of lease intangibles	59,966	60,549
Amortization of deferred debt and loan acquisition costs	4,059	2,057
Amortization of above and below market leases	(11,785)	(12,838)
Unrealized loss on financial instruments	17	920
Amortization of asset retirement obligations	38	37
Impairment of real estate assets	102,278	8,673
Gain on sale of real estate	-	(205)
Changes in operating assets and liabilities, net:		
Restricted cash	3,286	(630)
Trade receivables	(648)	(1,539)
Deferred rent receivables	(1,352)	(1,285)
Other receivables	(1,332)	400
Due from related parties	23,156	(509)
Prepaid expenses, deferred charges and other assets	(5,323)	(2,540)
Due to related parties	206	(3,041)
Accounts payable and accrued expenses	7,313	2,106
Tenant security deposits	(486)	(119)
Net cash provided by operating activities	<u>81,711</u>	<u>54,738</u>
Cash flows from investing activities		
Purchase of financial instruments	-	(996)
Proceeds from real estate sales, net	-	4,086
Real estate acquisitions and building improvements	(16,487)	(9,315)
Net cash used in investing activities	<u>(16,487)</u>	<u>(6,225)</u>
Cash flows from financing activities		
Proceeds from mortgage payable and credit facility borrowings	310,000	62,709
Paydown of credit facility	(425,500)	-
Proceeds from financing liabilities	121,470	-
Financing fees	(10,527)	(2,120)
Distribution to members	(16,317)	(82,195)
Net cash used in financing activities	<u>(20,874)</u>	<u>(21,606)</u>
Net increase in cash and cash equivalents	44,350	26,907
Cash and cash equivalents at the beginning of period	74,825	19,258
Cash and cash equivalents at the end of period	<u>\$ 119,175</u>	<u>\$ 46,165</u>

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

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements

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. After the formation of the Entity, Centro NP owned 49% of the non-managing interest in the Entity, and Super owned 51% of the managing member interest in the Entity. Under the terms of the operating agreement of the Entity, Members are not obligated to contribute any additional capital to the Entity.

On December 6, 2010, the Entity formed a joint venture, Centro/IA JV, LLC (the “Venture”), with Inland American CP Investment, LLC (“Inland”), a wholly owned subsidiary of Inland American Real Estate Trust, Inc. In connection with the formation of the Venture, the Entity sold approximately 70% of its ownership interest in 25 retail shopping centers with a total value of approximately \$471.0 million. The properties, totaling approximately 4.5 million square feet, are primarily grocery-anchored or necessity-based community shopping centers, located in 13 states, with an average occupancy of approximately 92% as of December 31, 2010. Following this transaction, the Entity has approximately 30% ownership interest and Inland has approximately 70% ownership interest in the Venture.

The Entity owned 161 stabilized retail properties in 29 states as of December 31, 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 December 31, 2010, the GLA for the properties was approximately 88% leased. All properties are held in fee simple.

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

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”); the authoritative reference for U.S. generally accepted accounting principles (“GAAP”). The Entity applied these provisions to the Venture investment to determine whether the cost, equity or consolidation method of accounting was appropriate.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation and Principles of Consolidation

When the Entity obtains an economic interest in an entity, the Entity performs a qualitative and quantitative analysis to evaluate the entity to determine (i) if the entity is a variable interest entity (“VIE”), (ii) if the Entity is the primary beneficiary, in accordance with the FASB ASC 810, *Consolidations*, and (iii) whether the Entity has a controlling interest in the entity. The Entity consolidates (i) entities that are VIEs that the Entity is deemed to be the primary beneficiary of, and (ii) entities that are non-VIEs which the Entity controls or that are accounted for under the financing method in accordance with ASC 360, *Property, Plant and Equipment*. ASC 360 indicates that when a transaction includes certain forms of continuing involvement, the transaction should be accounted for as either a financing, leasing, or profit-sharing arrangement. The financing method is generally applied in situations where the buyer effectively receives a return of its investment plus interest and has an obligation to repurchase the property or can be compelled by the buyer to repurchase the property. The Entity has evaluated the above Venture transaction and determined that it meets the criteria under the financing method and accordingly, has consolidated the Venture. Under the financing method, the cost of the property sold and other related assets are continued to be recorded as assets on the Entity’s books. Cash contributed by the joint venture partner is recorded as a liability. The Entity does not have any joint ventures that are considered to be a VIE.

In the opinion of management, the accompanying financial statements contain all adjustments necessary to present fairly the Entity’s financial position as of December 31, 2010 and June 30, 2010, and the Entity’s results of operations and cash flows for the three and six month period ended December 31, 2010 and 2009.

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.

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”).

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Going Concern

The half yearly financial statements of our ultimate parents, CPL and CPT, which were lodged with Australian regulatory bodies on February 24, 2011, identified significant uncertainty (equivalent to substantial doubt) about those entities' ability to continue as a going concern. Refer to Note 13, Subsequent Events, for recent developments impacting the Entity's future financial condition.

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

Cash and Cash Equivalents

Cash and cash equivalents consists of investments with an original maturity of three months or less.

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.

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 building and tenant improvements, but in any event no later than one year from the completion of major construction activity.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Real Estate

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 ASC 360. The probability weighting takes into consideration the likelihood of disposal of each asset. For the three months and six months ended December 31, 2010, an impairment charge was recorded in the amount of approximately \$30.8 million and \$102.3 million, respectively. An impairment charge relating to one property was recorded in the second quarter ended December 31, 2009 in the amount of \$ 8.7 million.

Impairment charges arose due to a decrease in the estimated cash flows for the property over 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 three and six months ended December 31, 2010 and 2009. The increase in market capitalization rates is a response to various market trends, in particular the current economic outlook. In relation to changes to forecast operating cash flows, management undertook a detailed reforecast of real estate net operating results during the three and six months ended December 31, 2010 and 2009. This reforecast identified reduced cash flows due to changes in lease up assumptions and tenant vacancies.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Long-Lived Assets

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 December 31, 2010 and June 30, 2010, there were no assets accounted for as held for sale.

Intangible Assets

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

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Intangible Assets

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.

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 \$37.6 million and \$36.9 million are stated net of allowance for doubtful accounts of \$6.1 million and \$6.5 million as of December 31, 2010 and June 30, 2010, 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 ASC 410 *Asset Retirement and Environmental Obligations*. 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

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Asset Retirement Obligations

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 \$1.30 million and \$1.26 million as of December 31, 2010 and June 30, 2010, 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 on the accompanying Consolidated Balance Sheets. Certain 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 ASC 360. 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 statements of operations and consolidated balance sheets. 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 ASC 815, *Derivatives and Hedging*. ASC 815 requires the Entity to measure derivatives, including certain derivatives embedded in other contracts, at fair value and to recognize them in the Consolidated

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Derivative Financial Instruments

Balance Sheets 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 ASC 815. Accordingly, for all derivative instruments the changes in fair value of the derivative instrument is recorded in earnings.

During the 2010 and 2009 fiscal years, the Entity entered into interest rate cap and corridor agreements (collectively the "agreements"), on approximately \$1.0 billion and \$597.5 million, respectively, of debt expiring between October 2010 and December 2010. Under the agreements, the Entity would receive a payout if the one month LIBOR rate exceeded 2.60 – 3.00% for interest rate caps and 1.0% up to 2.60% for interest rate corridors. The objective for holding these derivative financial instruments was to provide protection against an increase in LIBOR rates and to satisfy lender requirements in extending certain debt through December 31, 2010. In connection with certain amendments that the Entity entered into on July 28, 2010, the Entity is no longer required to purchase interest rate caps or extend the existing interest rate caps past December 31, 2010. As of December 31, 2010, the Entity's agreements expired and, as a result, the Entity did not have any actively traded instruments outstanding.

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 \$1.5 million and \$2.3 million for the three and six months ended December 31, 2010, respectively, and \$1.1 million and \$1.4 million for the three and six months ended December 31, 2009, respectively, which are reflected in General and administrative on the face of the Consolidated Statements of Operations.

ASC 740, *Income Taxes*, (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 2010 tax years and have concluded that no provision for income taxes related to uncertain tax positions is required in the Entity's consolidated financial statement as of December 31, 2010 and June 30, 2010.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

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 leasing commissions have been reclassified to conform to the current period presentation. Such reclassifications have no effect on previously reported net income or equity.

Recently Issued Accounting Standards

In January 2010, the FASB issued guidance on improving disclosures about fair value measurements. The guidance requires additional disclosure on transfers in and out of Levels I and II fair value measurements in the fair value hierarchy and the reasons for such transfers. In addition, for fair value measurements using significant unobservable inputs (Level III), the reconciliation of beginning and ending balances shall be presented on a gross basis, with separate disclosure of gross purchases, sales, issuances and settlements and transfers in and transfers out of Level III. The new guidance also requires enhanced disclosures on the fair value hierarchy to disaggregate disclosures by each class of assets and liabilities. In addition, an entity is required to provide further disclosures on valuation techniques and inputs used to measure fair value for fair value measurements that fall in either Level II or Level III. The guidance is effective for interim and annual periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level III fair value measurements, which are effective for fiscal years beginning after December 15, 2010. The Entity adopted the guidance, excluding the reconciliation of Level III activity, with the issuance of its December 31, 2010 financial statements. Adoption did not have a material impact on the Entity's financial statements. Management is currently evaluating the implication of the additional Level III disclosures for 2011 and its impact on the financial statements has not yet been determined.

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):

	December 31, 2010	June 30, 2010	Amortization Period
In-place lease value, legal fees and leasing commissions	\$ 489,212	\$ 493,763	Life of lease
Above market leases acquired	18,754	18,754	Life of lease
Subtotal	507,966	512,517	
Less: accumulated amortization	(269,494)	(248,473)	
Total	<u>\$ 238,472</u>	<u>\$ 264,044</u>	

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2010	2009	2010	2009
Amortization Expense	\$ 11,463	\$ 14,171	\$ 23,782	\$ 29,038
Write-offs ⁽¹⁾	1,426	371	1,813	639
	<u>\$ 12,889</u>	<u>\$ 14,542</u>	<u>\$ 25,595</u>	<u>\$ 29,677</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 (remaining six months)	\$ 20,070
2012	34,668
2013	29,057
2014	23,879
2015	20,102

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Debt Obligations

As of December 31, 2010 and June 30, 2010, the Entity had the following debt obligations under various arrangements with financial institutions (dollars in thousands):

	<u>Carrying Value as of</u>		Stated Interest Rates	Scheduled Maturity Date
	December 31, 2010	June 30, 2010		
Credit agreements				
Preston Ridge Facility ⁽¹⁾	\$ 105,000	\$ 105,000	LIBOR + 325 bp ^{(1) (2)}	December 2011
Secured Term Loans ⁽³⁾	-	424,000	LIBOR + 400 bp ⁽²⁾	October 2010 ⁽³⁾
Secured Term Loans ⁽⁴⁾	121,000	122,500	LIBOR + 250 bp ⁽²⁾	December 2011
Residual Credit Facility ⁽⁵⁾	352,481	352,481	LIBOR + 375 bp ⁽²⁾	December 2011
Total Credit Agreements	<u>578,481</u>	<u>1,003,981</u>		
Mortgages payable				
Fixed Rate Mortgages ^{(3),(6)}	973,213	663,213	5.387% - 6.3835%	2013 – 2020
Financing liability ^{(7),(8)}	136,664	15,194	8% - 11%	2015 - 2028
Total debt	<u>\$ 1,688,358</u>	<u>\$ 1,682,388</u>		

⁽¹⁾ In 2008, the Entity's subsidiary, BPR Shopping Center, LLC ("BPR LLC"), 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 \$105.0 million. The Preston Ridge Facility is collateralized by the property owned by BPR LLC known as the Centre at Preston Ridge. The Preston Ridge Facility is guaranteed by the Entity and Centro Preston Ridge Member LLC, the sole member of BPR LLC. On July 28, 2010, BPR LLC entered into an amendment to the Preston Ridge Facility which, among other things, extended the maturity date to December 31, 2011. The applicable margin remained unchanged.

⁽²⁾ The Entity incurs interest using the 30-day LIBOR rate which was 0.26063% as of December 31, 2010 and .26% as of June 30, 2010.

⁽³⁾ The secured term loan with JP Morgan amounting to \$424.0 million, which was collateralized by 25 properties, was repaid in December 2010 in connection with the Venture transaction described in Note 1. Cash contributed by Inland and loan financing proceeds received were utilized to repay the secured term loan. JP Morgan and Goldman Sachs Commercial Mortgage Capital, L.P. ("Goldman Sachs") provided the new loan financing proceeds in three separate 5.9095% fixed rate mortgage notes amounting to \$310.0 million, which are secured by 24 properties and are scheduled to mature in December 2020.

⁽⁴⁾ In 2007, the Entity entered into a secured term loan with Keybank National Association, amounting to \$122.5 million. The term loan is secured by 10 properties located in various states. On July 28, 2010, the Entity entered an amendment to the loan agreement which, among other things, extended the maturity date to December 31, 2011.

⁽⁵⁾ In 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. On July 28, 2010, the Entity entered into an amendment, 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 remains unchanged.

⁽⁶⁾ It includes a \$300.0 million loan agreement with JP Morgan which is secured by 18 properties and \$310.0 million loan agreements with JP Morgan and Goldman Sachs maturing in December 2020 is secured by 24 properties. See footnote (3) above.

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

⁽⁸⁾ As described in Note 1, the Entity entered into a definitive joint venture with Inland in December 2010. In accordance with ASC 360, the Entity is consolidating the Venture under the financing method which requires the cash contributed by Inland, amounting to \$121.5 million, be recorded as a liability. Interest is accrued at an 11% preferred rate.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Debt Obligations (continued)

As of December 31, 2010, future expected/scheduled maturities of outstanding debt obligations were as follows (dollars in thousands):

Fiscal year ended June 30		
2011 (remaining six months)	\$	–
2012		578,481
2013		–
2014		129,236
2015		–
Thereafter		<u>843,977</u>
 Total debt obligations	 \$	 <u><u>1,551,694</u></u>

As of December 31, 2010 and 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.

5. Accounts Payable and Accrued Expenses

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

	December 31, 2010	June 30, 2010
	<u> </u>	<u> </u>
Property and other taxes payable	\$ 18,868	\$ 20,693
Interest payable	5,615	5,072
Accrued professional costs	3,986	3,177
Accounts payable	14,592	10,456
Accrued construction in progress	3,448	-
Ground lease liabilities	4,104	4,162
Asset retirement obligation	1,303	1,265
Other	868	608
Total	<u>\$ 52,784</u>	<u>\$ 45,433</u>

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Related-Party Transactions

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

	<u>Three Months Ended</u> <u>December 31,</u>		<u>Six Months Ended</u> <u>December 31,</u>		<u>Payable as of</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>December</u> <u>31, 2010</u>	<u>June 30,</u> <u>2010</u>
Leasing fees	\$ 1,746	\$ 1,517	\$ 3,199	\$ 2,332	\$ 58	\$ 899
Property management fees	3,399	3,300	6,753	6,456	776	164
Construction management fees	101	55	158	157	667	30
	<u>\$ 5,246</u>	<u>\$ 4,872</u>	<u>\$10,110</u>	<u>\$ 8,945</u>	<u>\$ 1,501</u>	<u>\$ 1,093</u>

In 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 in connection with the above mentioned master lease agreement.

As of December 31, 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 \$350.0 million outstanding principal balance of the Super Bridge Loan (as defined below in Note 10).

7. 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

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

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

Market, Interest Rate Risk and Concentrations of Credit Risk

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 December 31, 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 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 disruptions in the global capital, credit and real estate markets. These disruptions have led to, among other things, a decline in the volume of transaction activity, in the fair value of many real estate and real estate related investments, and a 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 an 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.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

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

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

Financing Risk

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 less than the value at which it previously recorded those investments.

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 adversely 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. As of December 31, 2010 and June 30, 2010, no loan agreements were terminated as a result of non-compliance with covenants. In the event the

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

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

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. Over the past several years, events in the financial markets have had an adverse impact on the credit markets and, as a result, credit has become more expensive and difficult to obtain. 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

As of December 31, 2010, we had approximately \$119.2 million in available cash and cash equivalents. During the quarter and six months ended December 31, 2010, we had an aggregate of \$1.5 million of secured term loan payments and the \$424.0 million secured term loan maturity. The \$424.0 million secured term loan was repaid in December 2010 in connection with the forming of the Venture described in Note 1. Cash contributed by Inland amounting to \$121.5 million and loan financing proceeds received from JPMorgan and Goldman Sachs amounting to \$310.0 million were utilized to repay the secured term loan.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

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

On July 28, 2010, the Entity entered into amendments to extend the maturity dates of the Preston Ridge Facility and Residual Credit Facility from December 31, 2010 to December 31, 2011. In connection with the July 28, 2010 refinancing, the Entity is no longer permitted to make draws under the Residual Credit Facility, however, the Entity is able to refinance existing indebtedness without the consent of the lenders under the Super Bridge Loan if certain conditions are satisfied relative to, among other things, debt yield and loan maturity.

Although on July 28, 2010 the Entity was able to obtain extensions of short-term debt to December 31, 2011 that was due to expire on December 31, 2010, management is still working with both its lenders and the lenders or its affiliated entities, and also with management of the ultimate parent investors of the Entity, to refinance the Preston Ridge Facility, Residual Credit Facility and reduce its overall level of short- and long- term debt to address our liquidity issues. Our ability to reduce our debt is restricted by the factors listed above, as well as also being impacted by the current and future condition of the credit market and also the current and future condition of the US retail real estate market.

The Entity's 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.

In addition to short-term indebtedness, our short-term liquidity requirements consist primarily of funds necessary to pay for management fees, operating and other expenses directly associated with our portfolio of properties, interest expense and scheduled principal payments on our outstanding debt and capital expenditures incurred to facilitate the leasing of space (e.g., tenant improvements and leasing commissions). Although we have historically met our short-term liquidity requirements with cash generated from operations and borrowings under credit facilities, we presently do not have a credit facility to draw from. We anticipate that the funds required to meet our debt service requirements will come from cash generated from operations.

We derive substantially all of our revenue from tenants under existing leases at our properties. Therefore, our operating cash flow is dependent on the rents that we are able to charge to our tenants, and the ability of these tenants to make their rental payments. We believe that the nature of the properties in which we typically invest – primarily community and neighborhood shopping centers – provides a more stable revenue flow in uncertain economic times because, even in difficult economic times, consumers still need to purchase basic living essentials such as food and soft goods.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Fair Value Measurement

ASC 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value under GAAP. The Entity has not elected to apply the fair value option under ASC 825, *Financial Instruments*, which provides the option to fair value any of the eligible financial assets and liabilities as permitted under the guidance. The only financial assets recorded at fair value as of December 31, 2010 are those required to be fair valued under other accounting standards.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

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.

The following table shows those financial assets measured at fair value on a non-recurring basis as of December 31, 2010 (dollars in thousands):

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Fair Value Measurement (continued)

	Non-recurring			Assets (Liabilities)
	Fair Value Measurements Using			at Adjusted
	Level 1	Level 2	Level 3	Carrying Amount
				(Based on Fair
				Value)
Fair market value of impaired real estate	\$ —	\$ —	\$ 493,442	\$ 493,442
	\$ —	\$ —	\$ 493,442	\$ 493,442

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

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

The real estate that has been impaired pertains to twenty-seven properties and two properties as of December 31, 2010 and June 30, 2010, respectively. The Entity identified that these assets have been impaired due to deterioration in forecast cash flows as a result of operational factors (such as increased vacancies) during the three and six months ending December 31, 2010 and year-ended June 30, 2010, therefore the Entity recorded these properties at fair value as of December 31, 2010 and June 30, 2010. These real estate assets were valued based upon a combination of internally developed valuation models and pricing outcomes from recent disposal discussions with potential buyers. This approach requires the Entity to make significant judgments in respect to amounts of estimated future cash flows.

9. Fair Value of Financial Instruments

In accordance with ASC 820, fair value of the below debt obligations was determined using available market information and discounted cash flow analyses as of December 31, 2010 and 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

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Fair Value of Financial Instruments (continued)

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 December 31, 2010 and 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):

	December 31, 2010		June 30, 2010	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Mortgages payable	\$ 973,213	\$ 980,473	\$ 663,213	\$ 626,894
Credit facilities	578,481	563,926	1,003,981	994,468
Financing liability	136,664	136,664	15,194	15,194

10. 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.

Funding Commitments

The Entity did not have any contractual obligations as of December 31, 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 (remaining six months)	\$1,838
2012	2,310
2013	2,352
2014	2,352
2015	2,353
Thereafter	62,752

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Commitments and Contingencies (continued)

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 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 48 properties (the "Properties").

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. As described below, the Residual Property Liens became second priority mortgage liens.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Commitments and Contingencies (continued)

On January 15, 2009, the Residual Credit Facility borrowers granted second-priority mortgage liens on the Properties to secure a guaranty of approximately \$169.6 million of the outstanding principal balance (approximately \$1.68 billion as of December 31, 2010) of the secured bridge loan made by a group of lenders to Super, with JPMorgan as the administrative agent (the “Super Bridge Loan”).

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 approximately \$469.3 million of Centro NP’s debt which had been scheduled to mature on or before December 31, 2010. 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 approximately \$162.9 million 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 \$336.0 million 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.

Collateralization of 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. The Residual Properties and the Preston Ridge Property remain as collateral for the 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.

11. Acquisitions

There were no acquisitions during the three and six months ended December 31, 2010 and December 31, 2009, respectively.

Centro NP Residual Holding LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Discontinued Operations

During the three and six months ended December 31, 2010, the Entity did not sell any shopping centers, respectively. During the three and six months ended December 31, 2009, 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, and in accordance with ASC 360, the Entity recorded the results of operations and the related gain on sale as income from discontinued operations. The following is a summary of the results of operations from discontinued operations (dollars in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2010	2009	2010	2009
Total revenue	\$ -	\$ -	\$ -	\$ 20
Operating costs	-	(5)	-	(8)
Real estate taxes	-	-	-	(16)
Depreciation and amortization	-	-	-	(27)
Provision for doubtful accounts	-	1	-	30
Total operating costs	-	(4)	-	(21)
Loss from discontinued operations before gain on sale of real estate	-	(4)	-	(1)
Gain on sale of real estate	-	3	-	205
(Loss) income from discontinued operations	\$ -	\$ (1)	\$ -	\$ 204

13. Subsequent Events

In preparing these financial statements, the Entity evaluated events and transactions for potential recognition or disclosure through April 15, 2011, the date the financial statements were issued.

On February 28, 2011, our ultimate parent investors, CPL and CPT and their managed funds entered into a binding stock purchase agreement with BRE Retail Holdings, Inc., an affiliate of Blackstone Real Estate Partners VI, L.P., to sell all of their US assets and management platform, including the Entity, for an enterprise value of approximately \$9.4 billion. The purchase agreement is subject to conditions customary for a transaction of this nature. The sale is expected to close mid-2011.