

CONSOLIDATED FINANCIAL STATEMENTS

Brixmor Residual Holding LLC (formerly Centro NP Residual  
Holding LLC) and Subsidiaries  
Years Ended June 30, 2011 and 2010  
With Report of Independent Auditors

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Consolidated Financial Statements

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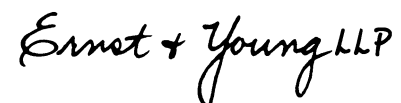
## Report of Independent Auditors

To the Members of Brixmor Residual Holding LLC and Subsidiaries

We have audited the accompanying consolidated balance sheets of Brixmor Residual Holding LLC (formerly Centro NP Residual Holding LLC), and Subsidiaries (the “Entity”) as of June 30, 2011 (Successor) and 2010 (Predecessor), and the related consolidated statements of operations, changes in members’ capital, and cash flows for the periods from June 28, 2011 through June 30, 2011 (Successor), from July 1, 2010 through June 27, 2011 (Predecessor) and for the year ended June 30, 2010 (Predecessor). 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 Brixmor Residual Holding LLC and Subsidiaries at June 30, 2011 and 2010, and the consolidated results of their operations and their cash flows for the periods from June 28, 2011 through June 30, 2011 (Successor), from July 1, 2010 through June 27, 2011 (Predecessor) and for the year ended June 30, 2010 (Predecessor) in conformity with U.S. generally accepted accounting principles.

A handwritten signature in black ink that reads 'Ernst & Young LLP'.

October 12, 2011

**Brixmor Residual Holding LLC**  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

**Consolidated Balance Sheets**

	<b>June 30,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Successor)</b>	<b>(Predecessor)</b>
	<i>(In Thousands)</i>	
<b>Assets</b>		
Real estate:		
Land	\$ 1,175,036	\$ 916,842
Buildings, improvements, and equipment	4,260,492	2,023,188
Accumulated depreciation	(1,530)	(216,004)
Net real estate	5,433,998	2,724,026
Cash and cash equivalents	31,308	74,825
Restricted cash	31,084	7,056
Receivables:		
Rent, net of allowance for doubtful accounts of \$15,485 and \$6,583 at June 30, 2011 and 2010, respectively	65,541	36,907
Deferred rent, net of allowance of \$0 and \$838 at June 30, 2011 and 2010, respectively	152	16,734
Other, net	3,382	1,282
Due from related parties	75	24,961
Prepaid expenses and deferral charges, net of accumulated amortization of \$47 and \$23,091 at June 30, 2011 and 2010, respectively	55,990	29,166
Investment in/advance to unconsolidated venture	318	–
Intangible assets, net of accumulated amortization of \$1,025 and \$248,473 at June 30, 2011 and 2010, respectively	539,383	264,044
Other assets	1,391	1,810
<b>Total assets</b>	<b>\$ 6,162,622</b>	<b>\$ 3,180,811</b>
<b>Liabilities and members' capital</b>		
Liabilities:		
Mortgages payable, including unamortized premium of \$90,973 and \$0 at June 30, 2011 and 2010, respectively	\$ 4,151,018	\$ 663,213
Credit facilities	–	1,003,981
Financing liabilities, including unamortized premium of \$3,072 and \$0 at June 30, 2011 and 2010, respectively	139,736	15,194
Due to related parties	1,288	23,768
Accounts payable and accrued expenses	104,821	45,433
Below market leases, net of accumulated amortization of \$314 and \$100,373 at June 30, 2011 and 2010, respectively	289,092	109,030
Tenant security deposits	11,072	5,912
<b>Total liabilities</b>	<b>4,697,027</b>	<b>1,866,531</b>
Commitments and contingencies	–	–
Members' capital	1,465,595	1,314,280
<b>Total liabilities and members' capital</b>	<b>\$ 6,162,622</b>	<b>\$ 3,180,811</b>

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

**Brixmor Residual Holding LLC**  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

**Consolidated Statements of Operations**

	<b>Period From June 28, 2011 Through June 30, 2011 (Successor)</b>	<b>Period From July 1, 2010 Through June 27, 2011 (Predecessor)</b>	<b>Year Ended June 30, 2010 (Predecessor)</b>
	<i>(In Thousands)</i>		
<b>Revenue</b>			
Rental income	\$ 4,177	\$ 259,150	\$ 267,454
Percentage rents	34	1,152	2,182
Expense reimbursements	1,069	68,574	69,011
Total revenues	5,280	328,876	338,647
<b>Operating expenses</b>			
Operating costs	868	52,164	49,524
Real estate taxes	777	49,213	50,461
Depreciation and amortization	2,506	115,564	125,329
Provision for doubtful accounts	159	7,157	5,352
Impairment of real estate assets	–	102,278	10,898
General and administrative	491	7,274	5,682
Total operating expenses	4,801	333,650	247,246
Income (loss) from continuing operations before income of investments accounted for under the equity method, other income and expenses	479	(4,774)	91,401
<b>Other income (expenses)</b>			
Interest, dividend and other income	1	1,479	930
Equity in loss of unconsolidated venture	(4)	–	–
Unrealized loss on financial instruments	(7)	(17)	(1,671)
Interest expense	(4,083)	(94,024)	(83,557)
Total other expenses	(4,093)	(92,562)	(84,298)
(Loss) income from continuing operations	(3,614)	(97,336)	7,103
Income from discontinued operations	–	–	203
Net (loss) income	\$ (3,614)	\$ (97,336)	\$ 7,306

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

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Consolidated Statements of Changes in Members' Capital

	<b>Total Members' Capital</b> <hr style="border: 0.5px solid black;"/> <i>(In Thousands)</i>
<b>Predecessor</b>	
Members' capital, June 30, 2010	\$ 1,314,280
Distribution to members	(113,235)
Net loss	(97,336)
Members' capital, June 27, 2011	<hr style="border: 0.5px solid black;"/> <b>\$ 1,103,709</b> <hr style="border: 0.5px solid black;"/>
<b>Successor</b>	
Members' capital, June 27, 2011	\$ 1,103,709
Step-down in basis of assets purchased	(85,352)
Members' capital, June 28, 2011	<hr style="border: 0.5px solid black;"/> 1,018,357
Value of 11 properties conveyed to Brixmor LLC in connection with the transaction	(49,880)
Value of 156 properties conveyed to the Entity	1,199,712
Distribution to members	(698,980)
Net loss	(3,614)
Members' capital, June 30, 2011	<hr style="border: 0.5px solid black;"/> <b>\$ 1,465,595</b> <hr style="border: 0.5px solid black;"/>

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

**Brixmor Residual Holding LLC**  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

**Consolidated Statements of Cash Flows**

	<b>Period from June 28, 2011 through June 30, 2011 (Successor)</b>	<b>Period from July 1, 2010 through June 27, 2011 (Predecessor)</b>	<b>Year Ended June 30, 2010 (Predecessor)</b>
	<i>(In Thousands)</i>		
<b>Operating activities</b>			
Net (loss) income	\$ (3,614)	\$ (97,336)	\$ 7,306
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:			
Depreciation and amortization, including amortization of lease intangibles	2,506	115,564	125,356
Amortization of deferred debt and loan acquisition costs	47	4,925	4,369
Amortization of net premium/discount on mortgages payable	(248)	—	—
Amortization of above and below market leases	(265)	(20,622)	(24,849)
Unrealized loss on financial instruments	7	17	1,671
Impairment of real estate assets	—	102,278	10,898
Amortization of asset retirement obligations	—	78	73
Gain on sale of real estate	—	—	(205)
Changes in operating assets and liabilities, net:			
Restricted cash	(6,361)	(424)	(1,655)
Trade receivables	(677)	7,906	(7,559)
Deferred rent receivables	(152)	(1,947)	(2,530)
Other receivables	—	(224)	573
Due from related parties	17,276	8,562	3,822
Prepaid expenses, deferred charges and other assets	(150)	(13,029)	(4,914)
Due to related parties	(29,391)	(12,035)	(9,847)
Accounts payable and accrued expenses	(1,201)	9,011	10,185
Tenant security deposits	—	(868)	(463)
Net cash (used in) provided by operating activities	<u>(22,223)</u>	<u>101,856</u>	<u>112,231</u>
<b>Investing activities</b>			
Purchase of financial instruments	—	—	(996)
Proceeds from real estate sales, net	—	—	4,086
Real estate acquisitions and building improvements	—	(28,203)	(16,588)
Net cash used in investing activities	<u>—</u>	<u>(28,203)</u>	<u>(13,498)</u>
<b>Financing activities</b>			
Proceeds from mortgages payable	1,400,000	310,000	72,370
Repayment of credit facility <sup>(1)</sup>	(575,481)	(430,213)	—
Repayment of mortgages payable <sup>(1)</sup>	(124,948)	—	—
Movement in restricted cash relating to financing activities	61,180	(10,630)	—
Proceeds from financing liabilities	—	121,470	—
Cash assumed from conveyance of properties	14,682	—	—
Financing fees	(39,273)	(9,519)	(2,120)
Distribution to members	(698,980)	(113,235)	(113,416)
Net cash provided by (used in) financing activities	<u>37,180</u>	<u>(132,127)</u>	<u>(43,166)</u>

**Brixmor Residual Holding LLC**  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

**Consolidated Statements of Cash Flows (continued)**

	<b>Period from June 28, 2011 through June 30, 2011 (Successor)</b>	<b>Period from July 1, 2010 through June 27, 2011 (Predecessor)</b>	<b>Year Ended June 30, 2010 (Predecessor)</b>
	<i>(In Thousands)</i>		
Net increase (decrease) in cash and cash equivalents	\$ 14,957	\$ (58,474)	\$ 55,567
Cash and cash equivalents at beginning of period	16,351	74,825	19,258
Cash and cash equivalents at end of period	\$ 31,308	\$ 16,351	\$ 74,825
<b>Supplemental disclosure of cash flow</b>			
Cash paid for interest, net of amount capitalized	\$ 3,655	\$ 85,789	\$ 81,542
Capitalized interest	\$ 4	\$ 158	\$ 354
Value of 11 properties conveyed to Brixmor LLC in connection with the Transaction (Note 1)	\$ (49,880)	\$ –	\$ –
Value of 156 properties conveyed to the Entity (Note 1)	\$ 1,199,712	\$ –	\$ –

<sup>(1)</sup> In connection with the Transaction described in Note 1, the Entity's credit facilities and certain mortgages assumed from the conveyance of properties were repaid.

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

**Brixmor Residual Holding LLC**  
**(formerly Centro NP Residual Holding LLC) and Subsidiaries**

**Notes to Consolidated Financial Statements**

June 30, 2011

**1. Acquisition and Financing Transaction**

**Transaction**

On February 28, 2011, Brixmor Residual Holding LLC's (together with its wholly owned subsidiaries and consolidated entities, the "Entity") (formerly Centro NP Residual Holding LLC and Subsidiaries) ultimate parent investors, Centro Properties Limited ("CPL") and Centro Property Trust ("CPT") and their managed funds entered into a stock purchase agreement with Brixmor Property Group Inc. ("BPG") (formerly, BRE Retail Holdings Inc.), an affiliate of Blackstone Real Estate Partners VI, L.P. ("Blackstone"), to sell all of their U.S. assets and management platform, including the indirect ownership interests in the Entity (the "Transaction").

On June 28, 2011, BPG, CPL, and CPT closed the Transaction for an enterprise value of approximately \$9.0 billion. As a result of the closing of the Transaction, BPG and certain of its affiliates acquired indirect control of the Entity from CPL and CPT by purchasing 100% of the equity interests in the six equity holders of Super. Following the Transaction, the Entity continues to be owned by Super LLC ("Super") and Brixmor LLC ("Brixmor") (formerly Centro NP LLC) (the "Members"), but is now a wholly owned subsidiary of BPG.

Unless stated herein or the context indicates otherwise, references to the "Entity," "we," "us," "our," and "ours" in these notes refer to Brixmor Residual Holding LLC (formerly Centro NP Residual Holding LLC) and its wholly owned subsidiaries and consolidated entities. As used herein, the term "Predecessor" refers to the Entity prior to the Transaction, and "Successor" refers to the Entity subsequent to the Transaction.

In connection with the closing of the Transaction, on June 28, 2011, (i) the ownership interests in 156 real estate assets (including interests in one property held through an unconsolidated joint venture) that were not previously owned by the Entity were conveyed to the Entity by certain affiliated entities pursuant to interest assignments, contribution agreements or deeds and (ii) the ownership interests in 11 retail assets that were previously wholly owned by the Entity were conveyed to Brixmor or its subsidiaries pursuant to assignments, contribution agreements or deeds. Accordingly, as of June 30, 2011, the entity's consolidated portfolio was comprised of interests in 300 stabilized retail properties and five properties under redevelopment, including the properties previously contributed to the Inland JV (see Note 2).

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**1. Acquisition and Financing Transaction (continued)**

On June 28, 2011, in connection with the closing of the Transaction, certain subsidiaries of the Entity (“Residual Borrowers”) obtained a \$1.0 billion mortgage loan (“Mortgage Loan”) from Wells Fargo Bank, National Association, German American Capital Corporation and Barclays Bank PLC, which is secured by, among other things, (i) mortgages, assignments of rents and pledges of collection accounts with respect to 107 retail shopping centers (the “Mortgaged Properties”) and (ii) a guaranty by BPG of certain recourse carveout liabilities. The lenders listed above, as well as CFI Centco Funding LLC and GSREMP Origination Joint Holding, L.P. also provided \$400.0 million of additional mezzanine financing (“Mezzanine Loans”) to certain subsidiaries of the Entity (“Mezzanine Borrowers”) (which have interests in the Residual Borrowers), which are secured by a pledge of each Mezzanine Borrower’s respective interest in its direct Residual Borrower subsidiary. The Entity is not an obligor with respect to the Mortgage Loan and Mezzanine Loans.

The Mortgage Loan and Mezzanine Loans bear interest at a weighted-average interest rate of 4.9% and 9.5%, respectively, payable monthly, and are scheduled to mature on July 1, 2016.

The Mortgage Loan contains various representations, warranties, and covenants customary for financings of this type. Defaults under the Mortgage Loan include, among other things, the failure to pay interest or principal when due, material misrepresentations, transfers of the Mortgaged Properties without any required lender consent, bankruptcy of a Borrower or BPG, failure to maintain required insurance, and failure to observe other covenants under the Mortgage Loan.

In connection with the closing of the Transaction and the Mortgage Loan, approximately \$575.5 million outstanding under the Entity’s existing credit facilities was repaid, and approximately \$124.9 million outstanding under certain mortgages were assumed from the conveyance of properties. This amount includes defeasance of five loans totaling \$41.2 million which is considered an early extinguishment of debt in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) ASC 860, *Transfers and Servicing* and ASC 405-20, *Extinguishments of Liabilities* and therefore, the transaction qualifies as an off-balance sheet debt defeasance. In connection with the defeasance, the Entity incurred a cost of \$43.3 million by purchasing treasury securities and by paying a premium to the successor borrower. The \$2.1 difference between the \$43.3 million transaction cost and the outstanding debt balance of \$41.2 million is the premium paid to defease this debt and is included in Entity’s interest expense for the month ended June 30, 2011.

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**1. Acquisition and Financing Transaction (continued)**

The Entity distributed approximately \$699.0 million in cash to its Members, representing loan proceeds from the Mortgage Loan (less amounts used to repay indebtedness and related fees and expenses), and such proceeds were partially used to repay approximately \$1.7 billion outstanding under the secured bridge loan made by a group of lenders to Super with JP Morgan as the administrative agent (the “Super Bridge Loan”).

As a result of the Transaction, the Members’ capital of the Entity increased from approximately \$1.0 billion as of June 28, 2011, to approximately \$1.5 billion as of June 30, 2011. The ownership interest in the 156 real estate assets (including interests in one property held through an unconsolidated joint venture) which were conveyed to the Entity as described above resulted in an increase to the Entity’s real estate assets. These increases were offset by (i) amounts distributed by the Entity to its Members, representing a portion of loan proceeds from certain new financings relating to the Transaction obtained by the Entity’s indirect subsidiaries and (ii) the conveyance of ownership interests in 11 retail shopping centers that were previously wholly owned by the Entity to Brixmor or its subsidiaries.

**Accounting Treatment**

In accordance with ASC 805, *Business Combinations* (“ASC 805”), a business combination occurs when an entity acquires net assets that constitute a business or acquires equity interest of one or more other entities and obtains “control” over that entity or entities. “Control” is defined by ASC 805 as “ownership by one company, directly or indirectly, of over 50% of the outstanding voting shares of another company.” For accounting purposes, ASC 805 further states that the designated acquisition date should be the date that effective control of the acquired entity is transferred to the acquiring entity without restrictions, except those required to protect the shareholders or other owners of the acquired entity. Accordingly, and in conjunction with the transactions described above, BPG acquired 100% of the controlling interests in the Entity on June 28, 2011. As such, with respect to the results of operations of the Entity, June 28, 2011 is used as the acquisition date throughout the remainder of this document. Accordingly, the Consolidated Financial Statements contained in this report represent the results of operations and financial condition of the Entity for periods prior to June 28, 2011, and of the Entity for the period from June 28, 2011 through June 30, 2011.

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**1. Acquisition and Financing Transaction (continued)**

The aggregate purchase price of the acquisition has been allocated in accordance with ASC 805 at the date of acquisition, based on the Entity's evaluation of information and estimates available at such date. The purchase price was pushed down to all of the subsidiaries of BPG including the Entity. When using the push down basis of accounting, the acquired company's separate financial statements reflect the new accounting basis recorded by the acquiring company. Accordingly, all assets and liabilities were recorded at their fair values at the time of acquisition. As final information regarding the fair value of the assets acquired and liabilities assumed is received and estimates are refined, appropriate adjustments will be made to the purchase price allocation. The allocations will be finalized no later than 12 months from the date of acquisition. The following represents the acquisition balance sheet as of June 28, 2011, following the closing of the Transaction, but prior to giving effect to the Mortgage Loan and the Mezzanine Loans and the application of borrowing therefrom, and does not include (i) the conveyance of the ownership interests in 156 real estate assets (including interests in one property held through an unconsolidated joint venture) which were not owned by the Entity or its subsidiaries as of such date; and (ii) the conveyance of the ownership interests in 11 retail shopping centers that were previously wholly owned by the Entity to Brixmor or its subsidiaries as of such date (dollars in thousands):

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**1. Acquisition and Financing Transaction (continued)**

<b>Assets</b>	
Net real estate	\$ 2,590,664
Cash and cash equivalents	16,351
Restricted cash	18,110
Receivables:	
Trade, net of allowance for doubtful accounts	29,001
Due from related parties	17,194
Other, net	986
Prepaid expenses and deferred charges	6,828
Intangible assets, net of accumulated amortization	273,435
Other assets	725
Total assets	<u>\$ 2,953,294</u>
<b>Liabilities and members' capital</b>	
Liabilities:	
Mortgages payable, including unamortized premium	\$ 1,006,516
Financing liabilities	139,736
Credit facilities	575,481
Other liabilities	48,690
Below market leases, net	147,697
Due to related party	11,773
Tenant security deposits	5,044
Total liabilities	<u>\$ 1,934,937</u>
Commitments and contingencies	—
Total members' capital	<u>1,018,357</u>
Total liabilities and members' capital	<u>\$ 2,953,294</u>

**Brixmor Residual Holding LLC**  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**1. Acquisition and Financing Transaction (continued)**

The following represents the Entity's balance sheet as of June 27, 2011, prior to the closing of the Transaction (dollars in thousands):

<b>Assets</b>	
Net real estate	\$ 2,586,145
Cash and cash equivalents	16,351
Restricted cash	18,110
Receivables:	
Trade, net of allowance for doubtful accounts	29,001
Deferred rent, net	18,681
Due from related parties	16,399
Other, net	1,506
Prepaid expenses and deferred charges	41,503
Intangible assets, net of accumulated amortization	215,791
Other assets	2,220
Total assets	<u><u>\$ 2,945,707</u></u>
 <b>Liabilities and members' capital</b>	
Liabilities:	
Mortgages payable, including unamortized premium	\$ 971,500
Financing liabilities	136,664
Credit facilities	575,481
Other liabilities	55,265
Below market leases, net	86,311
Due to related party	11,733
Tenant security deposits	5,044
Total liabilities	<u><u>\$ 1,841,998</u></u>
Commitments and contingencies	—
Total members' capital	<u>1,103,709</u>
Total liabilities and members' capital	<u><u>\$ 2,945,707</u></u>

**Brixmor Residual Holding LLC**  
**(formerly Centro NP Residual Holding LLC) and Subsidiaries**

**Notes to Consolidated Financial Statements (continued)**

**2. Description of Business**

In September 2011, the Entity changed its name from Centro NP Residual Holding LLC to Brixmor Residual Holding LLC, and its member Centro NP LLC changed its name to Brixmor LLC. Additionally, BRE Retail Holdings Inc. changed its name to Brixmor Property Group Inc.

The principal business of the Entity is the ownership of community and neighborhood shopping centers throughout the United States. Brixmor owns 49% of the non-managing interest in the Entity, and Super owns 51% of the managing member interest in the Entity.

As of June 30, 2011, and including properties transferred in connection with the Transaction, the Entity owned interests in 300 stabilized properties and five properties under redevelopment. Additionally, as of June 30, 2011, the Entity held interests in one property held through an unconsolidated joint venture. The 305 properties include 300 community and neighborhood shopping centers with approximately 49.8 million square feet of gross leasable area (“GLA”), four related retail assets with approximately 0.1 million square feet of GLA and one land parcel. At June 30, 2011, the GLA for the properties was approximately 90% leased. All properties are held in fee simple.

**Brixmor Residual Holding LLC**  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**2. Description of Business (continued)**

The following table sets forth certain information as of June 30, 2011 regarding the Entity's properties on a state-by-state basis:

State	Number of Properties	Percent Leased	GLA <sup>(1)</sup>	Percent of Scheduled ABR <sup>(2)</sup>
Alabama	1	100%	231,820	0.3%
Arizona	2	75%	418,279	0.7%
California	19	95%	3,736,075	11.0%
Connecticut	11	85%	1,210,854	3.1%
Delaware	1	100%	191,855	0.4%
Florida	16	88%	2,845,500	6.2%
Georgia	22	81%	3,004,459	5.0%
Illinois	22	91%	4,353,826	8.6%
Indiana	8	86%	1,391,358	2.3%
Iowa	3	93%	266,403	0.4%
Kansas	2	93%	291,763	0.5%
Kentucky	6	92%	1,072,751	1.7%
Louisiana	2	94%	333,789	0.4%
Maine	2	92%	391,746	0.5%
Maryland	3	85%	460,080	1.0%
Massachusetts	9	91%	1,551,713	3.0%
Michigan	11	88%	2,080,663	3.1%
Minnesota	12	92%	1,743,759	3.4%
Mississippi	1	83%	221,127	0.5%
Missouri	7	90%	1,071,682	1.5%
Nevada	1	43%	144,216	0.2%
New Jersey	12	95%	1,949,224	5.1%
New Hampshire	3	94%	546,709	0.7%
New Mexico	1	100%	35,800	0.1%
New York	25	89%	2,629,907	7.0%
North Carolina	15	89%	3,411,785	5.5%
Ohio	10	87%	1,963,384	3.3%
Pennsylvania	32	91%	4,684,039	9.4%
South Carolina	4	93%	498,683	0.8%
Tennessee	9	91%	2,056,661	3.2%
Texas	20	94%	3,130,572	7.7%
Vermont	1	96%	224,514	0.4%
Virginia	6	94%	807,605	1.5%
Wisconsin	6	93%	934,967	1.5%
	305	90%	49,887,568	100.0%

<sup>(1)</sup> GLA represents gross leasable area in square feet.

<sup>(2)</sup> ABR represents 2011 scheduled ABR based on contractual minimum lease payments as of June 30, 2011.

**Brixmor Residual Holding LLC**  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**2. Description of Business (continued)**

The following table sets forth a schedule of lease expirations for leases in place as of June 30, 2011 for each of the next ten years and thereafter, assuming no exercise of renewal options or base rent escalations over the lease term:

	<b>Number of Leases Expiring</b>	<b>Leased GLA</b>	<b>Percent of Total ABR</b>
2012	1,371	5,551,100	13.7%
2013	977	5,729,182	14.4%
2014	926	5,896,991	14.4%
2015	638	5,869,778	12.1%
2016	639	5,828,493	13.1%
2017	293	3,727,754	7.8%
2018	139	1,703,799	4.0%
2019	123	1,620,680	3.7%
2020+	518	9,120,146	16.8%
	<u>5,624</u>	<u>45,047,923</u>	<u>100.0%</u>

On June 28, 2011, in connection with the closing of the Transaction and the repayment of the Super Bridge Loan and the Entity's credit facilities, the Entity's Members entered into an amended and restated operating agreement providing for the pro rata distribution of available cash flow between Super (which has a 51% interest) and Brixmor (which has a 49% interest). Under the terms of the amended and restated 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.

On December 6, 2010, the Entity formed a joint venture, Centro/IA JV, LLC (the "Inland JV"), 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 Inland JV, the Entity sold approximately 70% of its ownership interest in 25 retail shopping centers with a total value of approximately \$471.0 million. Following this transaction, and as of June 30, 2011, the Entity has approximately 30% ownership interest in the Inland JV, and Inland has approximately 70%

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**2. Description of Business (continued)**

ownership interest in the Inland JV. In accordance with ASC 360, *Property, Plant and Equipment* (“ASC 360”), the Entity is consolidating the Inland JV under the financing method which requires that the cash contributed by Inland, amounting to \$121.5 million, be recorded as a liability. Interest is accrued at an 11% preferred rate.

**3. Summary of Significant Accounting Policies**

The following summary of significant accounting policies details the Entity’s policies under normal operating conditions. For accounting treatment pertaining to the Transaction, please refer to Note 1.

The preparation of our consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenues and expenses. These estimates are based on historical experience and various other assumptions management believes are reasonable under the circumstances. Management evaluates its estimates on an ongoing basis and makes changes to the estimates and related disclosures as experience develops or new information becomes known. Actual results may differ from these estimates.

In the opinion of management, the accompanying consolidated financial statements contain all adjustments necessary to present fairly the Entity’s financial position as of June 30, 2011 and 2010, and the Entity’s results of operations and cash flows for the periods from June 28, 2011 through June 30, 2011, from July 1, 2010 through June 27, 2011 and for the year ended June 30, 2010.

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 and Principles of Consolidation**

The accompanying consolidated financial statements are prepared on the accrual basis of

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**3. Summary of Significant Accounting Policies (continued)**

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 Inland JV investment to determine whether the cost, equity, or consolidation method of accounting was appropriate.

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, and of which the Entity is deemed to be the primary beneficiary, 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. 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 Inland JV transaction and determined that it meets the criteria under the financing method and accordingly, has consolidated the Inland JV. 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.

**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.

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**3. Summary of Significant Accounting Policies (continued)**

**Rent Receivable**

Rent receivable of \$65.5 million and \$36.9 million are stated net of allowance for doubtful accounts as of June 30, 2011 and 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 prepetition and postpetition claims.

**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 preconstruction 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

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**3. Summary of Significant Accounting Policies (continued)**

**Business Combinations**

In connection with the Entity's acquisition of properties, purchase costs are allocated to the tangible and intangible assets and liabilities acquired based on their estimated fair values. The value of the tangible assets, consisting of land, buildings and building 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 preacquisition 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.

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**3. Summary of Significant Accounting Policies (continued)**

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.

**Long-Lived Assets**

On a periodic basis, management assesses whether there are any indicators that the value of its long-lived assets may be impaired. A long-lived asset'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 asset (taking into account the anticipated holding period of the asset) is less than the carrying value. Such estimate of cash flows considers 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 asset, and reflected as an adjustment to the basis of the asset.

When conducting an impairment analysis of the Entity's long-lived assets, management applies a probability weighting as to how long the assets would be held prior to disposal, as contemplated in the ASC 360. The probability weighting takes into consideration the likelihood of disposal of each asset.

For the year ended June 30, 2010, an impairment charge was recorded in the amount of approximately \$10.9 million.

For the period from July 1, 2010 to June 27, 2011, an impairment charge was recorded in the amount of approximately \$102.3 million. The impairment charge for the period from July 1, 2010 to June 27, 2011 arose due to a decrease in the estimated cash flows for these properties over the estimated holding periods. The changes to cash flows included both revisions to the forecast sale price and operating cash flows. There was no impairment identified during the period from June 28, 2011 through June 30, 2011.

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**3. Summary of Significant Accounting Policies (continued)**

The decrease in forecasted 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 period from July 1, 2010 to June 27, 2011. The increase in market capitalization rates is a response to various market trends, in particular the growing negative economic outlook. 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, 2011, there were no assets accounted for as held-for-sale.

For investments accounted for under the equity method, a loss is recognized if the loss in value of the investment is other than temporary. During the period from June 28, 2011 through June 30, 2011, the period from January 1, 2011 through June 27, 2011 and during the year ended June 30, 2010, management did not identify any other than temporary loss in value of its investments accounted for under the equity method. See Note 6 for additional information.

**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.

**Investment in /Advance to Unconsolidated Venture**

The Entity has direct equity investment in one joint venture project. The Entity accounts for the investment in unconsolidated venture using the equity method of accounting, as the Entity exercises significant influence over, but does not control, and is not the primary beneficiary of, the entity. The investment is initially recorded at cost, as "Investment in/advance to unconsolidated venture," and subsequently adjusted for equity in earnings and cash contributions and distributions. Intercompany fees and gains on property transactions are eliminated to the extent of the Entity's ownership interest.

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**3. Summary of Significant Accounting Policies (continued)**

To the extent that the Entity contributes assets to a joint venture project, the difference between the Entity's cost basis in the assets and the basis reflected at the joint venture level is amortized over the life of the related asset and included in the Entity's share of equity in income of unconsolidated ventures.

In accordance with ASC 323, *Investments-Equity Method and Joint Ventures*, the Entity evaluates its investment in the unconsolidated entity for impairment during each reporting period. A series of operating losses of an investee or other factors may indicate that a decrease in the value of its investment in the unconsolidated entity has occurred which is other-than-temporary. The amount of impairment recognized is the excess of the investment's carrying amount over its estimated fair value.

**Asset Retirement Obligations**

The Entity accounts for conditional asset retirement obligations in accordance with the 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. As of June 30, 2011, the Entity does not believe it can reasonably estimate any potential settlement dates for its asset retirement obligations, and, therefore, it cannot reasonably estimate the fair value of its conditional asset retirement obligations. Accordingly, the Entity has not recorded any liability for its conditional asset retirement obligations. As of June 30, 2010, the Entity had reasonably estimated the fair value of its conditional asset retirement obligations and had recognized a liability for conditional asset retirement obligations of approximately \$1.3 million.

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**3. Summary of Significant Accounting Policies (continued)**

**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 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 12 months.

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**3. 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 franchise taxes. There were no state and local franchise taxes for the period from June 28, 2011 to June 30, 2011. State and local franchise taxes of approximately \$1.6 million for the period from July 1, 2010 to June 27, 2011 are reflected in General and Administrative expenses on the face of the Consolidated Statements of Operations. During the year ended June 30, 2010, the Entity was subject to certain state and local franchise taxes amounting to \$2.75 million, 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 June 30, 2011 and 2010.

**Derivative Financial Instruments**

The Entity accounts for derivative and hedging activities in accordance with ASC 815, *Derivatives and Hedging* ("ASC 815"). 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 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.

**Brixmor Residual Holding LLC**  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**3. Summary of Significant Accounting Policies (continued)**

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. In December 2010, the Entity’s Agreements expired.

Interest rate cap agreements on \$163.0 million of debt expiring on July 9, 2013 were conveyed to the Entity on June 28, 2011. The Entity will receive a payout under the terms of the caps if the one-month LIBOR rate exceeds 3.25%. These interest rate cap agreements were entered into as a requirement of the Entity’s lender under the \$163.0 million mortgage loan. During the period from June 28, 2011 through June 30, 2011, the one-month LIBOR rate did not exceed the cap rate and, therefore, no payments were received.

The following table summarizes the terms and fair value of the Entity’s derivative financial instruments at June 30, 2011 (dollars in thousands). The notional amounts at June 30, 2011 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 rate or market risks.

<b>Hedge Product</b>	<b>Hedge Type</b>	<b>Notional Amount</b>	<b>Strike</b>	<b>Maturity</b>	<b>Fair Value</b>
Interest Rate Cap	Interest Rate	\$ 120,000	3.25%	07/15/13	\$ 49
Interest Rate Cap	Interest Rate	42,000	3.25%	07/15/13	17
Interest Rate Cap	Interest Rate	1,000	3.25%	07/15/13	–
		\$ 163,000			\$ 66

The Entity has not elected to utilize hedge accounting treatment for its interest rate caps. Gains and losses pertaining to the interest rate cap are included in “Interest expense” on the Entity’s Consolidated Statements of Operations. This includes mark-to-market adjustments of open contracts as well as periodic settlements.

Brixmor Residual Holding LLC  
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Notes to Consolidated Financial Statements (continued)

**3. 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.

**Application of New Accounting Standards and 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

Brixmor Residual Holding LLC  
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Notes to Consolidated Financial Statements (continued)

**3. Summary of Significant Accounting Policies (continued)**

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 rollforward 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 June 30, 2011 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. See Fair Value Measurement (Note 14).

In May 2011, the FASB issued guidance on fair value measurement and requires expanded disclosures. Quantitative disclosure of significant unobservable inputs will be required for all recurring and nonrecurring Level III measurements. Companies will also be required to describe the valuation process in place for all Level III measurements and provide narrative descriptions of the sensitivity of recurring Level III measurements to changes in the unobservable inputs. Additionally, all transfers between Level I and Level II require disclosure. The guidance is effective for interim and annual periods beginning on or after December 15, 2011.

It has been determined that any recently issued accounting standards or pronouncements not disclosed above 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.

**4. Acquisitions and Dispositions**

**Acquisitions**

Aside from the Transaction (which resulted in the conveyance to the Entity of 156 real estate assets) (Note 1), there were no acquisitions during the period from June 28, 2011 through June 30, 2011, the period from July 1, 2010 through June 27, 2011, or the year ended June 30, 2010.

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**4. Acquisitions and Dispositions (continued)**

**Dispositions**

Aside from the Transaction (which resulted in the conveyance of 11 retail shopping centers previously owned by the Entity to Brixmor) (Note 1) and the formation of Inland (which resulted in the Entity's selling 70% of its ownership interest in 25 shopping centers) (Note 2), the Entity did not sell any shopping centers during the period from June 28, 2011 through June 30, 2011 or the period from July 1, 2010 through June 27, 2011. 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 5).

**5. Discontinued Operations**

There were no results from discontinued operations for the Entity for the periods from June 28, 2011 through June 30, 2011 or the period from July 1, 2010 through June 27, 2011. The following is a summary of the results of operations from discontinued operations for the year ended June 30, 2010 (dollars in thousands):

	<b><u>Year Ended June 30, 2010</u></b>
Total revenue	<u>\$ 21</u>
Operating costs	13
Real estate taxes	16
Depreciation and amortization	27
Provision for doubtful accounts	(33)
Total operating costs	<u>23</u>
Loss from discontinued operations before gain on sale of real estate	(2)
Gain on sale of real estate	<u>205</u>
Income from discontinued operations	<u><u>\$ 203</u></u>

**Brixmor Residual Holding LLC**  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**6. Investment in/Advance to Unconsolidated Venture**

In connection with the Transaction (Note 1), the Entity acquired an interest in one unconsolidated venture. The following table summarizes the Entity's investment in the unconsolidated joint venture as of June 30, 2011 (dollars in thousands). The Entity accounts for the investment using the equity method.

Investment	City	State	JV Partner	Percent Ownership	Investment in/ Advance to Unconsolidated Venture June 30, 2011
Heritage Intercontinental LP <sup>(1)</sup>	Dallas	TX	Intercontinental Real Estate Corporation	25%	\$ 318

<sup>(1)</sup>The Entity receives a 12% return on its investment.

Financial information for the Entity's investment in/advance to the unconsolidated venture was as follows (dollars in thousands):

	<u>June 30, 2011</u>
<b>Condensed balance sheet</b>	
Assets:	
Real estate assets	\$ 19,168
Accumulated depreciation	(3,016)
Net real estate	<u>16,152</u>
Trade receivables, net of allowance for doubtful accounts	84
Other assets, net of accumulated amortization	<u>1,310</u>
Total assets	<u><u>\$ 17,546</u></u>

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**6. Investment in/Advance to Unconsolidated Venture (continued)**

	<b>June 30, 2011</b>
Liabilities:	
Mortgages payable, net of unamortized premium	\$ 13,547
Other liabilities	335
Total liabilities	13,882
Total partners' capital	3,664
Total liabilities and partners' capital	\$ 17,546
Entity's share of equity	916
Basis differential <sup>(1)</sup>	(598)
Investment in/advance to unconsolidated joint venture	\$ 318

<sup>(1)</sup> *This amount represents the aggregate difference between the Entity's historical cost basis and the basis reflected at the joint venture level which is amortized over the life of the related assets and liabilities.*

	<b>Period from June 28, 2011 through June 30, 2011</b>
<b>Condensed statement of operations</b>	
Rental revenues	\$ 15
Operating expenses	(10)
Interest expense	(7)
General and administrative	(1)
Depreciation and amortization	(15)
Net loss	\$ (18)
Equity in loss of unconsolidated venture	\$ (4)

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**6. Investment in/Advance to Unconsolidated Venture (continued)**

The following is a brief summary of the unconsolidated joint venture obligation of the Entity as of June 30, 2011:

- *Heritage Intercontinental LP*. The Entity has a 25% interest in a joint venture that owns an approximately 133,000 square foot shopping center in Dallas, Texas. Under the terms of this joint venture, the Entity has agreed to contribute its pro rata share of any capital that might be required by the joint venture. The joint venture has a \$13.5 million mortgage loan payable outstanding as of June 30, 2011.

**7. Intangible Assets**

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

	<b>June 30, 2011</b>	<b>June 30, 2010</b>	<b>Amortization Period</b>
In-place lease value, legal fees, and leasing commissions	\$ 494,966	\$ 493,763	Life of lease
Above market leases acquired	45,442	18,754	Life of lease
Subtotal	<u>540,408</u>	<u>512,517</u>	
Less: accumulated amortization	(1,025)	(248,473)	
Total	<u>\$ 539,383</u>	<u>\$ 264,044</u>	

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

	<b>Period from June 28, 2011 to June 30, 2011 (Successor)</b>	<b>Period from July 1, 2010 to June 27, 2011 (Predecessor)</b>	<b>Year ended June 30, 2010 (Predecessor)</b>
Amortization expense	\$ 975	\$ 43,619	\$ 56,123
Write-offs <sup>(1)</sup>	-	4,633	3,732
Total	<u>\$ 975</u>	<u>\$ 48,252</u>	<u>\$ 59,855</u>

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

**Brixmor Residual Holding LLC**  
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Notes to Consolidated Financial Statements (continued)

**7. Intangible Assets (continued)**

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

2012	\$ 102,307
2013	99,027
2014	92,022
2015	78,329
2016	59,440

**8. Debt Obligations**

As of June 30, 2011 and 2010, 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
	2011	2010		
<b>Credit agreements</b>				
Amended and Restated BPR				
Revolving Credit Facility <sup>(1)</sup>	\$ -	\$ 105,000	LIBOR + 325 bp	-
Secured Term Loan <sup>(2)</sup>	-	424,000	LIBOR + 400 bp	-
Secured Term Loan <sup>(3)</sup>	-	122,500	LIBOR + 250 bp	-
Residual Credit Facility <sup>(4)</sup>	-	352,481	LIBOR + 375 bp	-
Total Credit Agreements	\$ -	\$ 1,003,981		
<b>Mortgages payable</b>				
Fixed rate mortgages <sup>(2) (5) (6) (7) (8) (9)</sup>	\$ 3,897,045	\$ 663,213	4.1055% – 11.25% Greater of LIBOR or 0.75% + 259 bp to 846 bp	2012 – 2027
Variable rate mortgages <sup>(10)</sup>	163,000	-		July 2013
Total mortgages	4,060,045	663,213		
Net unamortized premium	90,973	-		
Total mortgages, net	\$ 4,151,018	\$ 663,213		
<b>Financing liabilities</b>				
Financing liabilities <sup>(11) (12)</sup>	\$ 136,664	\$ 15,194	8% – 11%	2015 – 2028
Net unamortized premium	3,072	-		
Total financing liabilities	\$ 139,736	\$ 15,194		
Total debt	\$ 4,290,754	\$ 1,682,388		

**Brixmor Residual Holding LLC**  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**8. Debt Obligations (continued)**

- (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 could 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 was 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. This credit facility was repaid in full in connection with the closing of the Transaction (Note 1).
- (2) The secured term loan with JPMorgan amounting to \$424.0 million, which was collateralized by 25 properties, was repaid in December 2010. Cash contributed by Inland and loan financing proceeds received were utilized to repay the secured term loan. JPMorgan 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. As of June 30, 2011, the outstanding balance of the mortgage loan amounted to \$308.3 million. See footnote (5) below.
- (3) In 2007, the Entity entered into a secured term loan with Keybank National Association, amounting to \$122.5 million. The term loan was 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. This loan was repaid in full in connection with the closing of the Transaction (Note 1).
- (4) 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 was 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 was extended to December 31, 2011 and the applicable margin remained unchanged. This loan was repaid in full in connection with the closing of the Transaction (Note 1).
- (5) Includes a \$300.0 million loan agreement with JPMorgan, which is secured by 18 properties.
- (6) On June 28, 2011, in connection with the closing of the Transaction, the ownership interests in 156 real estate assets (including interests in one property held through an unconsolidated joint venture) that were not previously owned by the Entity were conveyed to the Entity by certain affiliated entities pursuant to interest assignments, contribution agreements or deeds. Mortgages amounting to approximately \$1.5 billion were assumed from the conveyance of these properties and are detailed below, as follows (dollars in thousands):

Carrying value as of June 30, 2011	Stated Interest Rates	Scheduled Maturity Date	# of properties secured by Mortgage
\$ 232,737	5.63%	February 2016	12
226,109	5.44%	December 2016	15
220,936	5.39%	November 2016	14
162,114	5.62%	January 2016	22
161,040	5.42%	December 2013	13
142,877	5.39%	November 2013	14
135,500	4.85%	May 2014	8
86,000	6.32%	August 2016	7
66,000	5.29%	April 2015	3
10,212	5.25%	June 2014	1
25,286	5.25%	June 2014	1
13,350	5.25%	August 2015	1
11,674	6.13%	January 2013	1
10,361	7.69%	December 2027	1
7,500	5.63%	January 2014	1
6,578	7.89%	May 2018	1
4,684	7.63%	March 2020	1
2,588	5.50%	June 2012	1
\$ 1,525,546			

**Brixmor Residual Holding LLC**  
**(formerly Centro NP Residual Holding LLC) and Subsidiaries**

**Notes to Consolidated Financial Statements (continued)**

**8. Debt Obligations (continued)**

- <sup>(7)</sup> On June 28, 2011, in connection with the closing of the Transaction, certain subsidiaries of the Entity (“Residual Borrowers”) obtained a \$1.0 billion mortgage loan (“Mortgage Loan”) from Wells Fargo Bank, National Association, German American Capital Corporation and Barclays Bank PLC which loan is secured by, among other things, (i) mortgages, assignments of rents and pledges of collection accounts with respect to 107 retail shopping centers and (ii) a guaranty by BPG of certain recourse carveout liabilities. The lenders listed above, as well as CFI Centco Funding LLC and GSREMP Origination Joint Holding, L.P. also provided \$400.0 million of additional mezzanine financing (“Mezzanine Loans”) to certain owned subsidiaries of the Entity (“Mezzanine Borrowers”) (which have interests in the Residual Borrowers), which loans are secured by a pledge of each Mezzanine Borrower’s respective interest in its direct Residual Borrower subsidiary. The Entity is not an obligor with respect to the Mortgage Loan and Mezzanine Loans. The Mortgage Loan and Mezzanine Loans bear interest at a weighted average rate of 4.90% and 9.5%, respectively, payable monthly, and are scheduled to mature on July 1, 2016. As of June 30, 2011 there was \$1.4 billion outstanding under the Mortgage Loan and Mezzanine Loans.
- <sup>(8)</sup> Includes a secured term loan with JPMorgan amounting to \$129.2 million entered into during October 2006. The term loan is secured by 13 properties. As determined by the applicable loan agreement, the Entity incurs interest on this obligation at a fixed rate of 5.387%. This secured term loan is schedule to mature in November 2013.
- <sup>(9)</sup> Includes a secured term loan with Wachovia Bank, N.A. amounting to \$234.0 million entered into during November 2006. The term loan is secured by 16 properties. As determined by the applicable loan agreement, the Entity incurs interest on this obligation at a fixed rate of 5.44%. This secured term loan is schedule to mature in December 2016.
- <sup>(10)</sup> It includes a \$120.0 million loan agreement and \$43.0 million mezzanine financing with JPMorgan, which are secured by 7 properties conveyed to the Entity in connection with the Transaction (Note 1). Following June 30, 2011, the Entity incurred additional mezzanine loan indebtedness of \$62.0 million from JPMorgan pursuant to additional loan advances. See Subsequent Events (Note 16).
- <sup>(11)</sup> Includes a 20 year master lease agreement with a carrying value of \$15.2 million, entered into during 2008. See Related-Party Transactions (Note 10).
- <sup>(12)</sup> As described in Note 2, the Entity entered into a definitive joint venture with Inland in December 2010. In accordance with ASC 360, the Entity is consolidating the Inland JV 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.

*Mortgage Loan and Mezzanine Loans*

The Mortgage Loan and Mezzanine Loans contain various representations, warranties and covenants customary for financings of this type, including, among others, mandatory prepayments of insurance proceeds and condemnation awards upon the occurrence of certain events.

Defaults under the Mortgage Loan and Mezzanine Loans include, among other things, the failure to pay interest or principal when due, material misrepresentations, transfers of the Mortgaged Properties without any required lender consent, bankruptcy of a Borrower or BPG, failure to maintain required insurance, and failure to observe other covenants under the Mortgage Loan and Mezzanine Loans.

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**8. Debt Obligations (continued)**

*Debt Maturities*

As of June 30, 2011, future expected/scheduled maturities, including regularly scheduled amortization payments, of outstanding debt obligations, excluding financing liabilities were as follows (dollars in thousands):

Fiscal year ended June 30,	
2012	\$ 14,506
2013	23,947
2014	801,309
2015	218,134
2016	405,906
Thereafter	<u>2,732,907</u>
Total debt maturities	4,196,709
Net unamortized premium on mortgages	90,973
Net unamortized premium on financing liabilities	<u>3,072</u>
Total debt obligation	<u><u>\$ 4,290,754</u></u>

*Covenants*

As of June 30, 2011, the Entity was in compliance with all debt covenants.

*Guarantees*

In connection with the closing of the Transaction, approximately \$352.5 million outstanding under the Residual Credit Facility was repaid in full, and any guarantee of the Residual Credit Facility that was in place prior to the loan being repaid no longer exists. Additionally, in connection with the amended restated operating agreement providing for the pro rata distribution between Super (51%) and Brixmor (49%), all of the Entity's priority mortgage liens and preferred distributions that was in place prior to the loan being repaid no longer exists.

Brixmor Residual Holding LLC  
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Notes to Consolidated Financial Statements (continued)

**8. Debt Obligations (continued)**

Additionally, prior to June 28, 2011, certain of Brixmor's subsidiaries entered into loan agreements on July 28, 2010 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 Brixmor's debt which had been scheduled to mature on or before December 31, 2010.

*Collateralization of Super Bridge Loan*

In connection with the closing of the Transaction, the Super Bridge Loan debt of approximately \$1.7 billion was repaid in full and, hence, any collateralization of the Super Bridge Loan debt that was in place prior to the loan being repaid no longer exists. Prior to June 28, 2011, 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.

**9. Accounts Payable and Accrued Expenses**

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

	<b>June 30,</b>	
	<b>2011</b>	<b>2010</b>
Property and other taxes payable	\$ 43,973	\$ 20,693
Interest payable	12,491	5,072
Accrued professional costs	5,950	3,177
Accounts payable	30,121	10,456
Accrued construction in progress	3,370	–
Accrued tenant litigation	739	–
Environmental reserve	6,750	–
Ground lease liabilities	–	4,162
Asset retirement obligation	–	1,265
Other	1,427	608
<b>Total</b>	<b>\$ 104,821</b>	<b>\$ 45,433</b>

**Brixmor Residual Holding LLC**  
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Notes to Consolidated Financial Statements (continued)

**10. Related-Party Transactions**

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

	Period from June 28, 2011 to June 30, 2011 (Successor)	Period from July 1, 2010 to June 27, 2011 (Predecessor)	Year ended June 30, 2010 (Predecessor)	Payable as of June 30,	
				2011 (Successor)	2010 (Predecessor)
Leasing fees	\$ —	\$ 7,389	\$ 5,387	\$ —	\$ 899
Property management fees	205	13,431	13,242	407	164
Construction management fees	—	318	115	—	30
	<u>\$ 205</u>	<u>\$ 21,138</u>	<u>\$ 18,744</u>	<u>\$ 407</u>	<u>\$ 1,093</u>

*Financing Liabilities*

In 2008, a Class A Preferred Unit Holder of Excel Realty Partners, L.P. (“ERP”), a subsidiary of Brixmor, 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 20-year master lease agreement 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 of \$15.2 million, net of unamortized premium, is included in Financing liabilities on the Consolidated Balance Sheets in connection with the master lease agreement.

As described in Note 1, the Entity formed a joint venture, Centro/IA JV, LLC (the “Inland JV”), 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 Inland JV, the Entity sold approximately 70% of its ownership interest in 25 retail shopping centers with a total value of approximately \$471.0 million. Following this transaction, and as of June 30, 2011, the Entity has approximately 30% ownership interest in the Inland JV, and Inland has approximately 70% ownership interest in the Inland JV. In accordance with ASC 360, the Entity consolidates the Inland JV under the financing method which requires that the cash contributed by Inland, amounting to \$121.5 million, be recorded as a liability. The financing liability of \$121.5 million is including in Financing liabilities on the Consolidated Balance Sheets.

Brixmor Residual Holding LLC  
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Notes to Consolidated Financial Statements (continued)

**11. 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, 2011 (dollars in thousands):

<b>Year Ending June 30,</b>	
2012	\$ 461,289
2013	409,910
2014	342,843
2015	279,787
2016	221,138
2017 and thereafter	796,588

**12. 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 10.0% of the Entity's annualized base rent at June 30, 2011.

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**12. Risk Management and Use of Financial Instruments (continued)**

**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 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.

Brixmor Residual Holding LLC  
(formerly Centro NP Residual Holding LLC) and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**12. Risk Management and Use of Financial Instruments (continued)**

**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.

**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. As of June 30, 2011 and 2010, the Entity was in compliance with all covenants.

**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. Further, all of the Entity's operations and assets are within the United States, and no tenant comprises more than 10% of revenue.

Brixmor Residual Holding LLC  
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Notes to Consolidated Financial Statements (continued)

**12. Risk Management and Use of Financial Instruments (continued)**

**Risks Associated with Liquidity Position**

As of June 30, 2011, the Entity had approximately \$31.3 million in available cash and cash equivalents. The Entity funds its capital needs from cash generated from operations, proceeds from the refinancing of debt and asset sales to generate cash proceeds. Management believes that the foregoing cash sources will be sufficient to meet expected capital needs during the next 12 months.

During the 12 months ending June 30, 2012, the Entity has a \$2.6 million mortgage loan scheduled to mature with a one year option to extend, and \$11.9 million of scheduled mortgage amortization payments.

In addition to short-term indebtedness, the Entity's 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).

The Entity derives substantially all of its revenue from tenants under existing leases at its properties. Therefore, its operating cash flow is dependent on the rents that the Entity is able to charge to its tenants, and the ability of these tenants to make their rental payments. The Entity believes that the nature of the properties in which the Entity typically invests – 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. In addition, the Entity typically derives a more stable revenue flow from tenants in community and neighborhood shopping centers, due to the long-term contractual nature of the leases. However, general economic downturns, or economic downturns in one or more markets in which the Entity owns properties may adversely impact the ability of tenants to make rental payments and the Entity's ability to release space on favorable terms as leases expire. In either of these instances, the Entity's cash flow would be adversely affected.

Refer to Note 8 to the Consolidated Financial Statements for details relating to debt as of June 30, 2011.

Brixmor Residual Holding LLC  
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Notes to Consolidated Financial Statements (continued)

**13. Fair Value of Financial Instruments**

In accordance with ASC 825, *Financial Instruments* (“ASC 825”), fair value of the below debt obligations was determined using available market information and discounted cash flow analyses as of June 30, 2011 and 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, 2011 and 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):

	June 30, 2011		June 30, 2010	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Mortgages payable	\$ 4,151,018	\$ 4,151,018	\$ 663,213	\$ 626,894
Credit facilities	—	—	1,003,981	994,468
Financing liabilities	139,736	139,736	15,194	15,194

**14. Fair Value Measurement**

ASC 820, *Fair Value Measurements and Disclosures* (“ASC 820”), provides a framework for measuring fair value under GAAP. The Entity has not elected to apply the fair value option under ASC 825, 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 June 30, 2011 are those required to be fair valued under other accounting standards.

Brixmor Residual Holding LLC  
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Notes to Consolidated Financial Statements (continued)

**14. Fair Value Measurement (continued)**

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.

During the period from June 28, 2011 through June 30, 2011, the period from July 1, 2010 through June 27, 2011 and the year ended June 30, 2010, there were no transfers in or out of Levels 1 and 2.

Brixmor Residual Holding LLC  
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Notes to Consolidated Financial Statements (continued)

**14. Fair Value Measurement (continued)**

There were no financial assets measured on a non-recurring basis as of June 30, 2011. The following table shows those financial assets that were measured at fair value on a non-recurring basis as of June 27, 2011 prior to the closing of the Transaction, (dollars in thousands):

	Non-recurring			Assets (Liabilities) at Adjusted Carrying Amount (Based on Fair Value)
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
Fair market value of impaired real estate	\$ -	\$ -	\$ 370,217	\$ 370,217

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

During the period ended June 27, 2011 prior to the closing of the Transaction the real estate that was impaired pertains to 26 properties. As of June 30, 2010, the real estate that was impaired pertains to two properties. The Entity identified that these assets had been impaired due to deterioration in forecast cash flows and as a result of operational factors (such as increased vacancies) the Entity recorded these properties at fair value. 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.

Brixmor Residual Holding LLC  
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Notes to Consolidated Financial Statements (continued)

**15. Commitments and Contingencies**

General

The Entity is not presently involved in any material litigation arising outside the ordinary course of its business, however, the Entity is 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 June 30, 2011, which the Entity believes 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):

2012	\$	2,310
2013		2,352
2014		2,352
2015		2,352
2016		2,352
Thereafter		61,201

**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

**Brixmor Residual Holding LLC**  
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**Notes to Consolidated Financial Statements (continued)**

**15. Commitments and Contingencies (continued)**

**Environmental Matters (continued)**

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, for which exposure has been mitigated through insurance coverage specific to environmental conditions, 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.

**16. Subsequent Events**

In preparing these financial statements, the Entity evaluated events and transactions for potential recognition or disclosure through October 12, 2011, the date the financial statements were issued.

Following June 30, 2011, the Entity incurred additional mezzanine loan indebtedness of \$62.0 million from JPMorgan Chase Bank, N.A. pursuant to additional loan advances made under two mezzanine loan facilities with a maximum aggregate principal amount of \$225.0 million, which loans are now fully funded and are secured by, among other things, the limited liability company interests of certain indirect wholly owned subsidiaries of the Entity that own seven retail shopping centers. In connection with this additional indebtedness, the Entity entered into two interest-rate cap agreements for a combined notional amount of \$62.0 million, expiring on July 15, 2013. The cap agreements required an upfront payment of approximately

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Notes to Consolidated Financial Statements (continued)

\$62 thousand. The Entity will receive a payout under the terms of the cap agreements if the one-month LIBOR rate exceeds 3.25%.