

**Quarterly Report**  
**For the quarterly period ended June 30, 2010**

**CENTRO NP LLC**

(Exact name of the company as specified in its charter)

MARYLAND  
(State or other Jurisdiction of  
Incorporation)

64-0955724  
(IRS Employer  
Identification No.)

420 Lexington Avenue, New York, New York 10170  
(Address of Principal Executive Offices) (Zip Code)

212-869-3000  
(Company's Telephone Number, Including Area Code)

## Forward-Looking Statements

This Quarterly Report, together with other statements and information publicly disseminated by Centro NP LLC (“we”), contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such statements are based on assumptions and expectations which may not be realized and are inherently subject to risks, uncertainties and other factors, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, performance, transactions or achievements, financial or otherwise, may differ materially from the results, performance, transactions or achievements expressed or implied by the forward-looking statements. Risks, uncertainties and other factors that might cause such differences, some of which could be material, include, but are not limited to:

- Liquidity risks, including (i) the inability to refinance our short-term and long-term indebtedness on favorable terms or at all, and (ii) our reliance upon distributions from a joint venture we do not control for our working capital, (iii) our potential need to complete asset sales in order to fund our operations;
- downgrades, and possible future downgrades, in our credit rating;
- national or local economic, business, real estate and other market conditions, including the ability of the general economy to recover timely from economic downturns;
- the competitive environment in which we operate;
- property ownership risks;
- the level and volatility of interest rates;
- changes in the capitalization rates with respect to the disposition of properties;
- financial stability of tenants, including the ability of tenants to pay rent, the decision of tenants to close stores and the effect of bankruptcy laws;
- governmental approvals, actions and initiatives;
- environmental/safety requirements and costs;
- risks of redevelopments to be completed on time and within budget and to perform as expected;
- risks of disposition strategies, including the failure to complete sales on a timely basis;
- risks of joint venture activities; and
- other risks identified in this Quarterly Report or in other documents that we publicly disseminate.

We undertake no obligation to publicly update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**CENTRO NP LLC AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)  
(Unaudited, in thousands)**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Revenues:				
Rental income	\$ 54,785	\$ 55,358	\$ 110,731	\$ 116,501
Percentage rents	680	922	1,687	2,195
Expense reimbursements	15,765	15,830	32,355	31,591
Fee income	3,697	4,994	7,198	9,340
Total revenues	<u>74,927</u>	<u>77,104</u>	<u>151,971</u>	<u>159,627</u>
Operating Expenses:				
Operating costs	14,846	15,893	27,084	32,192
Real estate taxes	10,278	10,069	20,255	20,325
Depreciation and amortization	29,365	29,426	57,440	62,507
Provision for doubtful accounts	1,352	637	2,196	1,673
Impairment of real estate	32,862	8,100	32,862	13,720
General and administrative	(1,955)	5,258	4,121	9,073
Total operating expenses	<u>86,748</u>	<u>69,383</u>	<u>143,958</u>	<u>139,490</u>
(Loss) income from continuing operations before income of investments accounted for under the equity method, interest and other income and expenses	(11,821)	7,721	8,013	20,137
Other income and expenses:				
Interest, dividend and other income	1,046	10,030	1,965	11,096
Equity in income (loss) of unconsolidated ventures	238	5,155	2,917	3,302
Impairment of investments accounted for under the equity method	(1,339)	(182,394)	(1,339)	(185,016)
Interest expense	(19,301)	(20,569)	(37,787)	(42,737)
Loss from continuing operations	<u>(31,177)</u>	<u>(180,057)</u>	<u>(26,231)</u>	<u>(193,218)</u>
Discontinued operations:				
Income (loss) from discontinued operations	-	753	734	(1,802)
Net loss	(31,117)	(179,304)	(25,497)	(195,020)
Net (loss) income attributable to non-controlling interests in partnerships	(131)	13	(106)	37
Net loss attributable to redeemable non-controlling interests in partnerships	(323)	(368)	(646)	(736)
Net loss attributable to Centro NP LLC	<u>\$ (31,631)</u>	<u>\$ (179,659)</u>	<u>\$ (26,249)</u>	<u>\$ (195,719)</u>
Other comprehensive loss				
Unrealized gain(loss) on available-for-sale securities	2	9	1	(47)
Comprehensive loss attributable to Centro NP LLC	<u>\$ (31,629)</u>	<u>\$ (179,650)</u>	<u>\$ (26,248)</u>	<u>\$ (195,766)</u>

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

**CENTRO NP LLC AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

(Unaudited, in thousands)

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
<b>ASSETS</b>		
Real estate:		
Land	\$ 768,153	\$ 768,509
Building and improvements	1,636,952	1,660,299
Accumulated depreciation and amortization	(168,451)	(139,152)
Net real estate	2,236,654	2,289,656
Cash and cash equivalents	78,341	47,589
Restricted cash	17,694	21,440
Marketable securities	13,460	14,193
Receivables:		
Trade, net of allowance for doubtful accounts of \$15,042 and \$15,168 at June 30, 2010 and December 31, 2009, respectively	26,680	28,201
Deferred rent, net of allowance of \$738 and \$190 at June 30, 2010 and December 31, 2009, respectively	14,953	11,628
Other, net	26,363	32,416
Prepaid expenses and deferred charges	25,842	23,372
Investments in/advances to unconsolidated ventures	505,498	525,415
Intangible assets, net of accumulated amortization of \$220,856 and \$190,084 at June 30, 2010 and December 31, 2009, respectively	304,797	326,330
Other assets	6,661	6,893
Total assets	\$ 3,256,943	\$ 3,327,133
 <b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Mortgages payable, including unamortized premium of \$4,710 and \$5,895 at June 30, 2010 and December 31, 2009, respectively	\$326,541	\$350,132
Notes payable, including unamortized premium of \$22,278 and \$23,418 at June 30, 2010 and December 31, 2009, respectively	702,288	703,635
Credit facilities	469,253	469,253
Capital leases	29,260	29,605
Other liabilities	99,859	108,433
Due to related parties	26,345	27,238
Below market leases, net of accumulated amortization of \$115,727 and \$93,350 as of June 30, 2010 and December 31, 2009, respectively	114,003	122,103
Tenant security deposits	5,461	5,819
Total liabilities	1,773,010	1,816,218
Redeemable non-controlling interests in partnerships	21,559	21,559
Commitments and contingencies	--	--
Members' equity:		
Members' equity	2,837,161	2,836,300
Accumulated other comprehensive loss	(70)	(71)
Accumulated losses	(1,376,069)	(1,349,926)
Total Centro NP LLC equity	1,461,022	1,486,303
Non-controlling interest in partnerships	1,352	3,053
Total equity	1,462,374	1,489,356
Total liabilities and equity	\$ 3,256,943	\$ 3,327,133

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

**CENTRO NP LLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited, in thousands)

	Six Months Ended 2010	June 30, 2009
Cash flows from operating activities:		
Net loss	\$(25,497)	\$(195,020)
Adjustments to reconcile net loss to net cash provided by operations:		
Depreciation and amortization	57,440	63,553
Amortization of net premium/discount on mortgages and notes payable	(2,325)	(3,448)
Amortization of deferred debt and loan acquisition costs	728	878
Amortization of asset retirement liabilities	41	41
Amortization of below market leases	(12,554)	(18,618)
Impairment of real estate	32,862	16,279
Impairment of investments accounted for under the equity method	1,339	185,016
Unrealized loss on financial instruments	587	--
Loss (gain) on sale of marketable securities	18	(25)
Loss on sale of discontinued operations, net	(675)	(437)
Equity in (loss) income of unconsolidated ventures	(2,917)	(744)
Bond tender debt forgiveness	--	(8,512)
Changes in operating assets and liabilities, net:		
Change in restricted cash	3,746	6,107
Change in trade receivables	1,521	(2,993)
Change in deferred rent receivables	(3,325)	(722)
Change in other receivables	6,501	1,742
Change in other liabilities and due from related parties	(9,510)	(25,439)
Change in tenant security deposits	(358)	(315)
Change in prepaid expenses, deferred charges and other assets	<u>(2,782)</u>	<u>(4,956)</u>
Net cash provided by operating activities	<u>44,840</u>	<u>12,387</u>
Cash flows from investing activities:		
Real estate acquisitions and building improvements	(10,013)	(21,112)
Proceeds from real estate sales, net	--	18,578
Proceeds from sale of marketable securities, net	4,677	5,382
Purchase of marketable securities	(3,961)	(5,044)
Capital contributions to unconsolidated joint ventures	(189)	--
Distributions of capital from unconsolidated joint ventures	<u>21,041</u>	<u>161,951</u>
Net cash provided by investing activities	<u>11,555</u>	<u>159,755</u>
Cash flows from financing activities:		
Principal payments of mortgages, capital leases and notes payable	(26,958)	(27,400)
Proceeds from borrowing	4,000	--
Repayment of credit facility	--	(9,384)
Redemption of notes payable	--	(113,082)
Cash paid to redeem partnership units	--	(9,386)
Financing fees	(1,199)	(1,436)
Distributions to parent	(840)	(202,247)
Distributions to non-controlling interests	(646)	(1,245)
Contributions from parent	=	<u>169,098</u>
Net cash used in financing activities	<u>(25,643)</u>	<u>(195,082)</u>
Net increase (decrease) in cash and cash equivalents	30,752	(22,940)
Cash and cash equivalents at beginning of period	<u>47,589</u>	<u>51,453</u>
Cash and cash equivalents at end of period	<u>\$78,341</u>	<u>\$28,513</u>
Supplemental Cash Flow Disclosure, including Non-Cash Activities:		
Cash paid for interest	\$37,292	\$55,395
Capitalized interest	81	2,953
State and local taxes paid	14	25
Distribution of entity interest to parent <sup>(1)</sup>	--	259,787
Contribution of entity interest to Centro NP Residual Holding LLC <sup>(1)</sup>	--	249,600

(1) Recorded in connection with investment in an unconsolidated venture, Centro NP Residual Holding LLC discussed in Note 5.

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

## CENTRO NP LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### **Note 1: Description of Business**

The principal business of Centro NP LLC (together with its wholly-owned and majority-owned subsidiaries and consolidated entities, the “Company”) is the ownership of community and neighborhood shopping centers throughout the United States.

As of June 30, 2010, the Company owned interests in 151 properties in 27 states, including 150 wholly-owned properties and one property held through a consolidated joint venture (collectively, our “Consolidated Portfolio”), as well as 280 properties held through unconsolidated joint ventures. The 431 properties include 416 community and neighborhood shopping centers with approximately 67.7 million square feet of gross leasable area (“GLA”), and 15 related retail assets with approximately 1.4 million square feet of GLA. The Company’s Consolidated Portfolio includes 142 community and neighborhood shopping centers with approximately 22.4 million square feet of GLA and nine related retail assets with approximately 0.6 million square feet of GLA. At June 30, 2010, the GLA for the Company’s Consolidated Portfolio was approximately 86% leased and the GLA for the Company’s total portfolio, including its pro rata share of joint venture properties, was approximately 87% leased.

#### **Note 2: Summary of Significant Accounting Policies**

##### Principles of Consolidation

All references to “we,” “us,” “our,” “ours,” “Centro NP” or the “Company” in these notes refer to Centro NP LLC and its wholly-owned and majority owned subsidiaries and consolidated entities, unless the context indicates otherwise.

The accompanying consolidated financial statements of the Company include accounts of their wholly-owned subsidiaries and all partnerships in which they have a controlling interest. The portion of these entities not owned by the Company is presented as non-controlling interests as of and during the periods presented. All inter-entity transactions have been eliminated. A non-controlling interest is defined as the portion of the equity (net assets) in a subsidiary not attributable, directly or indirectly, to a parent. Non-controlling interests are required to be presented as a separate component of equity in the consolidated balance sheet and modifies the presentation of net income by requiring earnings and other comprehensive income to be attributed to controlling and non-controlling interests.

When the Company obtains an economic interest in an entity, the Company performs a qualitative and quantitative analysis to evaluate to determine (i) if the entity is a variable interest entity (“VIE”), (ii) if the Company is the primary beneficiary, in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“Codification”) Topic 810, *Consolidations* (“Topic 810”), and (iii) whether the Company has a controlling interest in the entity. The Company consolidates (i) entities that are VIEs that the Company is deemed to be the primary beneficiary and (ii) entities that are non-VIEs which the Company controls. Entities that the Company accounts for under the equity method (i.e., at cost, increased or decreased by the Company’s share of earnings or losses, less distributions) include (i) entities that are VIEs that the Company is not deemed to be the primary beneficiary of and (ii) entities that are non-VIEs which the Company does not control, but over which the Company has the ability to exercise significant influence. The Company will reconsider its determination of whether an entity is a VIE and who qualifies as the primary beneficiary if certain events occur that are likely to cause a change in the original determinations.

##### Basis of Presentation

The consolidated financial statements of the Company have been prepared pursuant to the rules of the SEC and, in the opinion of the Company, include all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of financial position, results of operations and cash flows in accordance with accounting principles generally accepted in the United States (“GAAP”). The consolidated financial statements of the

## CENTRO NP LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Company should be read in conjunction with the Company's audited Annual Report for the year ended December 31, 2009.

#### Going Concern

There is substantial doubt about the Company's ability to continue as a going concern given the Company's liquidity is subject to, among other things, its reliance upon funding provided by an entity that it does not control; current restrictions upon its ability to incur further indebtedness and the existence of restrictions upon operations which increase the risk of default of existing debt. In addition, uncertainty also exists due to the liquidity issues currently experienced by the Company's parent and the ultimate parent investors, Centro Properties Limited ("CPL") and Centro Property Trust ("CPT").

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

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

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

#### Cash Equivalents

Cash equivalents consist of short-term, highly liquid debt instruments with maturities of three months or less at acquisition. At times, cash balances at a limited number of banks may exceed insurable amounts. The Company believes it mitigates this risk by investing in or through major financial institutions. As of June 30, 2010, the Company had not identified any specific counter-party credit risk in relation to its cash balances.

#### Restricted Cash

Restricted cash consists primarily of cash held in escrow accounts for deferred maintenance, capital improvements, environmental expenditures, taxes, insurance, operating expenses and debt service as required by certain loan agreements. All restricted cash is invested in money market accounts.

#### Accounts Receivable

Accounts receivable is stated net of allowance for doubtful accounts of \$15.0 million and \$15.2 million as of June 30, 2010 and December 31, 2009, respectively. The Company makes estimates of the collectability of its accounts receivable related to base rents, expense reimbursements and other revenues. The Company analyzes accounts receivable and historical bad debt levels, customer credit-worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. In addition, tenants in bankruptcy are analyzed and estimates are made in connection with the expected recovery of pre-petition and post-petition claims.

#### 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, and ordinary repairs and maintenance are expensed as incurred. Land, buildings and building and tenant improvements that are under redevelopment, or are being developed, are carried at cost and no depreciation is recorded on these assets. Additionally, amounts essential to the development of the property, such as pre-construction costs, development costs, construction costs, interest costs, real estate taxes, certain salaries and related costs and other costs incurred during the period of development are capitalized. The Company 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.

## CENTRO NP LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

#### Business Combinations

In connection with the Company'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. The below-market value of leases is recorded in other liabilities.

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

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 held for use 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 Company'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 Codification

## CENTRO NP LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Topic 360 *Property, Plant and Equipment* (“Topic 360”). The probability weighting takes into consideration the likelihood of disposal of each asset. For the three and six months ended June 30, 2010, total impairment charge on all properties was \$32.9 million (the total amount relating to continuing operations).

When assets are identified by management as held for sale, the Company 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.

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 three and six months ended June 30, 2010, the Company recognized an other than temporary impairment charge of \$1.3 million. During the three and six months ended June 30, 2009, the Company recognized an other than temporary impairment charge of \$182.4 million and \$185.0 million, respectively. Management has identified that the cause for the other than temporary loss is the decrease in the fair value of the underlying real estate investments of each of the investments accounted for under the equity method. The decrease in fair value of the underlying real estate has been caused by a weakening in the performance of the properties due to increased vacancies and market conditions, which has significantly reduced forecast cash flows for these properties. See Note 5 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, which approximates the effective interest method, over the terms of the related debt agreements.

#### Investments in /Advances to Unconsolidated Ventures

The Company has direct equity investments in several joint venture projects. The Company accounts for these investments in unconsolidated ventures using the equity method of accounting, as the Company exercises significant influence over, but does not control, and is not the primary beneficiary of, these entities. These investments are initially recorded at cost, as “Investments in/advances to unconsolidated ventures”, 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 Company’s ownership interest.

To the extent that the Company contributes assets to a joint venture project, the difference between the Company’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 Company’s share of equity in income of unconsolidated ventures.

In accordance with Codification Topic 323, *Investments-Equity Method and Joint Ventures*, the Company evaluates its investments in unconsolidated entities 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. Further information relating to these impairments is provided at Note 5.

#### Intangible Assets

The Company’s intangible assets, other than those acquired in business combinations, include property management rights and an asset management fee stream. These assets were initially measured based on their fair values and are being amortized on a straight-line basis, typically over a period of 10 to 40 years. These assets are stated at cost, net of accumulated amortization.

The Company undertook an impairment analysis of its intangible assets balance as of May 1, 2008 as part of its impairment analysis in accordance with Codification Topic 350, *Intangibles-Goodwill and Other*, over the

## CENTRO NP LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Company's goodwill prior to its distribution on May 1, 2008. Based on the results of a review of the existence of impairment indicators, no impairment charges were recorded for the three and six months ended June 30, 2010 and 2009.

#### Derivative/Financial Instruments

The Company accounts for derivative and hedging activities in accordance with Codification Topic 815, *Derivatives and Hedging* ("Topic 815"). This accounting standard requires the Company 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 Company's rights or obligations under the applicable derivative contract. Accordingly, for all derivative instruments the changes in fair value of the derivative instrument is recorded in earnings. During the year ended December 31, 2009, the Company entered into five interest rate cap agreements over principal of \$470.2 million of debt, which expires on December 31, 2010. Under the interest rate cap agreements the Company will receive a payout under the terms of the respective interest rate cap agreements if the one-month LIBOR rate exceeds 2.60%. Additionally, the Company entered into five interest rate corridor agreements on \$469.2 million of debt expiring on December 31, 2010. Under the interest rate corridor agreements the Company will receive a payout under the terms of the respective interest rate corridor agreements if the one month LIBOR rate exceeds 1.0% up to 2.60%. These additional interest rate corridors were purchased in addition to and do not replace the interest rate cap agreements. During three and six months ended June 30, 2010, and the year ended December 31, 2009, the one-month LIBOR rate did not exceed the cap rate and therefore no payments were received. Refer to Note 10 for additional information.

#### Asset Retirement Obligations

The Company accounts for its conditional asset retirement obligations in accordance with Codification Topic 410, *Asset Retirement & 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 the control of the Company. The Company's conditional asset retirement obligations arise primarily from legal requirements to decontaminate buildings at the time the buildings are sold or otherwise disposed of. The Company has reasonably estimated the fair value of its conditional asset retirement obligations and has recognized a liability for conditional asset retirement obligations of approximately \$1.4 million as of June 30, 2010.

#### General Liability Insurance

The Company has one wholly-owned captive insurance company, ERT CIC, LLC ("ERT CIC"), which underwrites the first layer of general liability insurance programs for the Company's wholly-owned, majority-owned and joint venture properties. The Company carries general liability insurance on its properties in amounts that it believes (i) adequately insures all of its properties and (ii) are in line with coverage obtained by owners of similar properties. The Company has stop loss insurance, which will reimburse the Company for individual claims in excess of \$0.1 million annually, or aggregate claims in excess of \$5.7 million annually. If the Company experiences a loss and ERT CIC is required to pay under its insurance policy, the Company would ultimately record a loss to the extent of such required payment. Because the Company owns ERT CIC, the Company is responsible for ERT CIC's liquidity and capital resources, and the accounts of ERT CIC are part of the Company's consolidated financial statements. The receipt of financial information from ERT CIC is delayed by one quarter.

#### Revenue Recognition

Rental revenue is recognized on the straight-line basis, which averages minimum rents over the terms of the 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 Sheets. In instances in which the Company funds tenant improvements and the improvements are deemed to be owned by the Company, revenue recognition will commence when the improvements are substantially completed and possession or control of the space is turned over to the tenant. When the Company determines that the tenant allowances are lease incentives, the Company commences revenue recognition when possession or control of the space is turned over to the tenant for tenant work to begin. Lease incentives are amortized as a reduction of rental revenue over the

## CENTRO NP LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

respective tenant lease terms. Certain leases provide for percentage rents based upon the level of sales achieved by the lessee. These percentage rents are recorded once the required sales levels are achieved. The leases also typically provide for tenant reimbursement of common area maintenance and other operating expenses. These recoverable costs are recognized in the period the related expenses are incurred. Rental revenue also includes lease termination fees. The Company recognized approximately \$0.2 million and \$0.4 million of lease termination fees for the three and six months ended June 30, 2010, respectively. The Company recognized approximately \$0.2 million and \$0.5 million of lease termination fees for the three and six months ended June 30, 2009, respectively.

#### Income from Discontinued Operations

Income from discontinued operations is computed in accordance with Topic 360, which requires, among other things, that the primary assets and liabilities and the results of operations of the Company's real property that has been sold, or otherwise qualifies as "held for sale" (as defined by Topic 360), be classified as discontinued operations and segregated in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) and Consolidated Balance Sheets. Properties classified as real estate held for sale generally represent properties that are under contract for sale and are expected to close within the next twelve months.

#### Income Taxes

The Company is organized as a limited liability company and is not subject to federal income tax. However, the Company has a corporate subsidiary for which a federal income tax provision of approximately \$39,000 has been provided and is included in Other liabilities in the accompanying Consolidated Financial Statements. In addition, the Company has recorded a federal income tax benefit of approximately \$1.9 million related to its corporate subsidiary. The refund is the result of the 2009 federal tax loss accounting for adjustments from the federal income tax audit for the corporate subsidiary for the year ending December 31, 2007.

The Company and its subsidiaries are subject to certain state and local taxes. A provision of \$0.1 million for such taxes has been included in Other liabilities in the accompanying Consolidated Financial Statements. In addition, the Company has recorded state and local tax expenses of approximately \$1.2 million for the six months ended June 30, 2010.

Codification Topic 740, *Income Taxes* clarifies the accounting for uncertainty in income taxes recognized in companies' financial statements and prescribes a recognition threshold and measurement of a tax position taken or expected to be taken in a tax return, and provided guidance on derecognition of recognized tax benefits, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company quantifies uncertainties in income taxes recognized in its companies' financial statements. The Company has no material uncertain tax positions as of June 30, 2010.

#### Segment Information

The principal business of the Company is the ownership and management of community and neighborhood shopping centers. The Company does not distinguish or group its operations on a geographical basis for purposes of measuring performance. Accordingly, the Company believes it has a single reportable segment for disclosure purposes in accordance with GAAP. Further, all of the Company's operations and assets are within the United States and no tenant comprises more than 10% of revenue.

#### Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. The most significant assumptions and estimates relate to impairments of real estate, impairment of goodwill and other intangible assets, recovery of notes and trade accounts receivable and depreciable lives.

## CENTRO NP LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### Reclassifications

In accordance with Topic 360, certain prior period amounts that are considered as part of discontinued operations in the current period have been reclassified to conform with the current period presentation.

#### Application of New Accounting Standards

The Company has adopted the amended accounting and disclosure requirements for the consolidation of VIEs. The amendment requires an enterprise to perform a qualitative analysis when determining whether or not to consolidate a VIE. The amendment also requires an enterprise to continuously reassess whether it must consolidate a VIE. Additionally, the amendment requires enhanced disclosures about an enterprise's involvement with VIEs and any significant change in risk exposure due to that involvement, as well as how its involvement with VIEs impacts the enterprise's financial statements. Finally, an enterprise will be required to disclose significant judgments and assumptions used to determine whether or not to consolidate a VIE. Adoption of this guidance did not have a material impact on our financial statements.

The Company has adopted updated accounting standards related to Codification Topic 820, *Fair Value Measurements* to improve disclosures related to recurring and nonrecurring fair value measurements. The amendment requires disclosure of transfers in and out of Levels 1 and 2 as well as a description of the reasons for the transfer. The amendment also requires the reconciliation for activity within Level 3 fair value measurements which separately presents purchases, sales, issuances and settlements on a gross basis. It is also a requirement to disclose valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements that fall within Level 2 or Level 3. Adoption of this guidance did not have a material impact on our financial statements.

#### Recently Issued Accounting Standards

In June 2009, the FASB issued updated accounting guidance for determining whether an entity is a VIE, and requires the performance of a qualitative rather than a quantitative analysis to determine the primary beneficiary of a VIE. The updated guidance requires an entity to consolidate a VIE if it has (i) the power to direct the activities that most significantly impact the entity's economic performance, and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could be significant to the VIE. This guidance is effective for fiscal years beginning after November 15, 2009 and early adoption is not permitted. The Company adopted the updated guidance as of January 1, 2010. The adoption of this guidance did not have a material effect on the consolidated financial statements.

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

#### **Note 3: Dispositions**

During the three and six months ended June 30, 2010, the Company did not dispose of any properties.

During the year ended December 31, 2009, the Company sold five shopping centers for aggregate gross proceeds of approximately \$43.4 million. Net proceeds after closing costs were approximately \$41.4 million. In connection with the sale of these properties, and in accordance with Topic 360, the Company recorded the results of operations and the related gain (loss) on sale as income (loss) from discontinued operations (Note 4).

**CENTRO NP LLC AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 4: Income (Loss) from Discontinued Operations**

The following is a summary of income (loss) from discontinued operations for the periods presented below (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Total revenue	\$ -	\$ 1,481	\$ 172	\$ 3,024
Operating costs	-	(150)	(4)	(480)
Real estate taxes	-	(182)	(11)	(372)
Depreciations and amortization	-	(502)	-	(1,046)
Provision for doubtful accounts	-	(99)	(98)	(651)
Total operating costs	-	(933)	(113)	(2,549)
Income from discontinued operations before other income and expenses and gain on sale of real estate	-	548	59	475
Other expenses, net	-	(99)	-	(156)
Income from discontinued operations before gain on sale of real estate and impairment of real estate	-	449	59	319
Gain on sale of real estate	-	304	675	438
Impairment of real estate held for sale	-	-	-	(2,559)
Income (loss) from discontinued operations	\$ -	\$ 753	\$ 734	\$ (1,802)

**Note 5: Investments in/Advances to Unconsolidated Ventures**

The following table summarizes the Company's investments in unconsolidated joint ventures as of June 30, 2010 and December 31, 2009, respectively (dollars in thousands). The Company accounts for these investments using the equity method.

	<u>City</u>	<u>State</u>	<u>JV Partner</u>	<u>Percent Ownership</u>	<b>Investments in/Advances to Unconsolidated Ventures</b>	
					<u>June 30, 2010</u>	<u>December 31, 2009</u>
Arapahoe Crossings, L.P. <sup>(1)</sup>	Aurora	CO	Foreign Investor	30%	\$8,451	\$8,564
BPR Land Partnership, L.P. <sup>(2)</sup>	Frisco	TX	George Allen/Milton Schaffer	50%	4,097	4,092
BPR South, L.P. <sup>(2)</sup>	Frisco	TX	George Allen/Milton Schaffer	50%	1,430	1,435
Centro NP Residual Holding LLC	Various	Various	Super LLC	49%	442,513	459,784
Centro GA America LLC	Various	Various	Centro Shopping America Trust	5%	16,978	18,120
NP/I&G Institutional Retail Company, LLC <sup>(3)</sup>	Various	Various	JPMorgan Investment Management, Inc.	20%	20,970	21,377
NP/I&G Institutional Retail Company II, LLC <sup>(4)</sup>	Various	Various	JPMorgan Investment Management, Inc.	20%	6,726	6,850

**CENTRO NP LLC AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NPK Redevelopment I, LLC <sup>(5)</sup>	Various	Various	Kmart Corporation (Sears Holding Corp.)	20%	4,082	4,523
NP/SSP Baybrook, LLC <sup>(5)</sup>	Webster	TX	JPMorgan Investment Management, Inc.	20%	251	670
Westgate Mall, LLC <sup>(6)</sup>	Fairview Park	OH	Transwestern Investment Company/ The Richard E. Jacobs Group	10%	--	--
<b>Investments in/Advances to Unconsolidated Ventures</b>					<u>\$505,498</u>	<u>\$525,415</u>

- (1) The Company receives increased participation after a 10% return on its investment.  
(2) The Company receives a 10% return on its investment.  
(3) The Company receives increased participation after a 12% IRR.  
(4) The Company receives increased participation after a 10% IRR.  
(5) The Company receives increasing participation after a 10% return on its investment.  
(6) The Company receives increasing participation after a 13% IRR.

Combined summary financial information for the Company's investments in/advances to unconsolidated ventures was as follows (dollars in thousands):

<b>Condensed Combined Balance Sheets</b>	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Assets:		
Real estate assets	\$5,135,517	\$5,147,682
Accumulated depreciation	<u>(509,026)</u>	<u>(449,431)</u>
Net real estate	4,626,491	4,698,251
Trade receivables, net of allowance for doubtful accounts	54,123	53,392
Other assets, net of accumulated amortization	<u>561,794</u>	<u>563,657</u>
<b>Total Assets</b>	<u>\$5,242,408</u>	<u>\$5,315,300</u>
Liabilities:		
Mortgages payable, net of unamortized premium	\$2,138,668	\$2,149,479
Term Loan	829,000	829,000
Amounts payable to the Company	8,210	25,075
Other liabilities	<u>277,712</u>	<u>271,353</u>
<b>Total liabilities</b>	3,253,590	3,274,907
Total partners' capital	<u>1,988,818</u>	<u>2,040,393</u>
<b>Total liabilities and partners' capital</b>	<u>\$5,242,408</u>	<u>\$5,315,300</u>
Investments in/advances to unconsolidated ventures	<u>\$505,498</u>	<u>\$525,415</u>

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Condensed Combined Statements of Operations</b>				
Rental revenues	\$138,695	\$148,450	\$279,660	\$291,651
Operating expenses	(44,498)	(43,877)	(91,920)	(90,868)
Interest expense	(38,624)	(43,408)	(75,283)	(82,511)
Depreciation and amortization	(51,628)	(49,963)	(99,496)	(106,248)
Other (expense) income, net	(2,815)	(1,943)	(4,276)	(4,693)
Impairment of real estate	(13,960)	-	(13,960)	-
Income (loss) from discontinued operations	624	<u>(5,161)</u>	1,683	<u>(18,590)</u>
<b>Net income (loss)</b>	<u>\$(12,206)</u>	<u>\$4,098</u>	<u>\$(3,592)</u>	<u>\$(11,259)</u>
Company's share of net income (loss)	<u>\$238</u>	<u>\$5,155</u>	<u>\$2,917</u>	<u>\$3,302</u>

The following is a brief summary of the unconsolidated joint venture obligations of the Company as of June 30,

## CENTRO NP LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2010:

- *Arapahoe Crossings, L.P.* The Company, together with a U.S. partnership comprised substantially of foreign investors, has an interest in a joint venture which owns Arapahoe Crossings, a community shopping center located in Aurora, Colorado. Under the terms of this joint venture, the Company has a 30% interest and has agreed to contribute its pro rata share of any capital that might be required by the joint venture; however, the Company does not expect that any significant capital contributions will be required. The joint venture had loans outstanding of approximately \$44.9 million as of June 30, 2010.

An impairment charge of \$0.2 million was recorded on the Company's investment in this joint venture during the three and six months ended June 30, 2010. No impairment charges were taken on the Company's investment in this joint venture during the three and six months ended June 30, 2009.

- *BPR Land Partnership, L.P.* The Company has a 50% interest in a joint venture that owns approximately 11.1 acres of undeveloped land in Frisco, Texas. Under the terms of this joint venture, the Company has agreed to contribute its pro rata share of any capital that might be required by the joint venture; however, the Company does not expect that any significant capital contributions will be required. The joint venture had no loans outstanding as of June 30, 2010.

- *BPR South, L.P.* The Company has a 50% interest in a joint venture that owns approximately 5.2 acres of undeveloped land in Frisco, Texas. Under the terms of this joint venture, the Company has agreed to contribute its pro rata share of any capital that might be required by the joint venture; however, the Company does not expect that any significant capital contributions will be required. The joint venture had no loans outstanding as of June 30, 2010.

- *Centro NP Residual Holding LLC.* In August 2007, the Company formed a joint venture with Super LLC, the Company's sole and managing member ("Super LLC"). Since the joint ventures inception, the Company has contributed 49% of its interest in certain subsidiaries, owning 122 real properties with an approximate value of \$2.3 billion, to this joint venture. The Company distributed the remaining 51% of its interest in the transferred entities to its parent, Super LLC, and Super LLC contributed such interest in the transferred entities to this joint venture. Following these transactions, the Company owned 49% of the non-managing interest in this joint venture, and Super LLC owned 51% of the managing member interest in this joint venture. In November 2007, Super LLC had contributed its interest in certain subsidiaries, owning 39 real properties with an approximate value of \$385.0 million, to this joint venture. Immediately following such contribution, Super LLC contributed a percentage of membership interests in the joint venture such that the Company continued to own 49% of the non-managing interest in this joint venture, and Super LLC continued to own 51% of the managing member interest in this joint venture.

The joint venture owned 160 stabilized retail properties and one property under redevelopment as of June 30, 2010. Under the terms of the joint venture, the Company is not obligated to contribute any additional capital to the joint venture. The joint venture had loans outstanding of approximately \$1.7 billion as of June 30, 2010.

No impairment charges were taken on the Company's investment in this joint venture during the three and six months ended June 30, 2010. An impairment charge of \$166.2 million was recorded on the Company's investment in this joint venture during the three and six months ended June 30, 2009.

- *Centro GA America LLC.* The Company has a 5% interest in this joint venture. Under the terms of this joint venture, the Company is not obligated to contribute any additional capital to the joint venture; however, in the event that additional capital is contributed by the other joint venture partner, the Company has the option to contribute the amount necessary to maintain its 5% ownership interest. The Company does not anticipate that it would make additional capital contributions should such be necessary in order to maintain its 5% ownership interest. As of June 30, 2010, this joint venture was comprised of 98 stabilized retail properties and two retail properties under redevelopment, and had loans outstanding of approximately \$927.7 million.

## CENTRO NP LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

No impairment charges were taken on the Company's investment in this joint venture during the three and six months ended June 30, 2010. An impairment charge of \$6.7 million was recorded on the Company's investment in this joint venture during the three and six months ended June 30, 2009.

- *NP / I&G Institutional Retail Company, LLC.* The Company has a joint venture with JPMorgan Investment Management, Inc. to acquire high-quality institutional grade community and neighborhood shopping centers on a nationwide basis. The joint venture owned nine stabilized retail properties as of June 30, 2010. Under the terms of this joint venture, the Company has a 20% interest in the venture and is responsible for contributing its pro rata share of any capital that might be required by the joint venture. The Company does not expect that additional acquisitions of property will be made by the joint venture. The joint venture had loans outstanding of approximately \$188.6 million as of June 30, 2010.

No impairment charges were taken on the Company's investment in this joint venture during the three and six months ended June 30, 2010. Impairment charges of \$6.4 million and \$9.0 million were recorded on the Company's investment in this joint venture during the three and six months ended June 30, 2009, respectively.

- *NP / I&G Institutional Retail Company II, LLC.* The Company has a second joint venture with JP Morgan Investment Management, Inc. to acquire high-quality institutional grade community and neighborhood shopping centers on a nationwide basis. Under the terms of this joint venture, the Company has a 20% interest in the venture and has committed to contribute its pro rata share of any capital required by the venture for asset acquisitions. The Company does not expect that additional acquisitions of property will be made by the joint venture. As of June 30, 2010, the Company had contributed approximately \$14.7 million for such purpose. Additionally, the Company has agreed to contribute its pro rata share of any additional capital that might be required by the joint venture; however, the Company does not expect that any significant additional capital contributions with respect to existing properties will be required. As of June 30, 2010, the joint venture owned two stabilized retail properties. The joint venture had loans outstanding of approximately \$36.7 million as of June 30, 2010.

No impairment charges were taken on the Company's investment in this joint venture during the three and six months ended June 30, 2010. An impairment charge of \$1.2 million was recorded on the Company's investment in this joint venture during the three and six months ended June 30, 2009.

- *NPK Redevelopment I, LLC.* The Company has a joint venture with Kmart Corporation (Sears Holding Corp.) pursuant to which the joint venture has redeveloped two Kmart Supercenter properties and owns a third property, all of which were formerly owned by Kmart. Under the terms of this joint venture, the Company has agreed to contribute \$6.0 million, which had been fully contributed as of June 30, 2010. The Company has a 20% interest in the venture and is responsible for contributing its pro rata share of any additional capital that might be required by the joint venture. During the year ended December 31, 2009, the Company provided a loan to the joint venture of approximately \$5.6 million with an interest rate of 7.5% per annum, compounded monthly. As of June 30, 2010, the amount outstanding under this loan was \$5.6 million.

An impairment charge of \$0.5 million was taken on the Company's investment in this joint venture during the three and six months ended June 30, 2010. An impairment charge of \$1.0 million was recorded on the Company's investment in this joint venture during the three and six months ended June 30, 2009.

- *NP/SSP Baybrook, LLC.* The Company has a third joint venture with JP Morgan Investment Management Inc., which venture was formed for the specific purpose of acquiring Baybrook Gateway, a shopping center located in Webster, Texas. Under the terms of this joint venture, the Company has a 20% interest in the venture and is responsible for contributing its pro rata share of any capital that might be required by the joint venture; however, the Company does not expect that any significant

**CENTRO NP LLC AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

additional capital contributions will be required. The joint venture had loans outstanding of approximately \$41.0 million as of June 30, 2010.

An impairment charge of \$0.6 million was recorded on the Company's investment in this joint venture during the three and six months ended June 30, 2010. No impairment charges were taken on the Company's investment in this joint venture during the three and six months ended June 30, 2009.

- *Westgate Mall, LLC.* The Company, together with Transwestern Investment Company and The Richard E. Jacobs Group, has an interest in a joint venture that was formed for the specific purpose of acquiring and redeveloping Westgate Mall, an enclosed mall located on 55 acres of land in Fairview Park, Ohio. The joint venture has redeveloped the mall into a large community shopping center. Under the terms of this joint venture, the Company has a 10% interest in the venture and has agreed to contribute its pro rata share of any capital that might be required by the joint venture; however, the Company does not expect that any significant additional capital contributions will be required. The joint venture had loans outstanding of approximately \$61.6 million as of June 30, 2010.

An impairment charge of \$10,000 was taken on the Company's investment in this joint venture during the three and six months ended June 30, 2010. An impairment charge of \$0.9 million was recorded on the Company's investment in this joint venture during the three and six months ended June 30, 2009.

**Note 6: Intangible Assets**

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

	<b>June 30, 2010</b>	<b>December 31, 2009</b>	<b>Amortization Period</b>
In-place lease value, legal fees and leasing commissions (Note 2)	\$370,720	\$376,493	Life of lease
Above market leases acquired (Note 2)	22,074	7,062	Life of lease
Value of asset management fee stream (Note 2)	23,745	23,745	40 years
Value of property management rights (Note 2)	109,114	109,114	20 years
Less: Accumulated depreciation	<u>(220,856)</u>	<u>(190,084)</u>	
Total	<u>\$304,797</u>	<u>\$326,330</u>	

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

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Amortization Expense	\$12,266	\$15,368	\$24,083	\$32,625
Write-offs <sup>(1)</sup>	1,588	68	1,905	6,152

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

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

<u>Year</u>	
2010 (remaining six months)	\$22,678
2011	40,308
2012	34,287
2013	29,035
2014	26,132

**Note 7: Debt Obligations**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

As of June 30, 2010 and December 31, 2009, the Company had the following debt obligations under various arrangements with financial institutions (dollars in thousands, except footnotes):

	<u>Maximum Amount Available</u>	<u>Carrying Value as of</u>		<u>Stated Interest Rates</u>	<u>Scheduled Maturity Date</u>
		<u>June 30, 2010</u>	<u>December 31, 2009</u>		
<b>CREDIT AGREEMENTS</b>					
Amended July 2007 Revolving Facility <sup>(1)(2)</sup>	\$--	\$305,553	\$305,553	LIBOR + 175 bp <sup>(3)(4)(5)</sup> Variable <sup>(8)</sup>	December 2010
Secured Term Loans <sup>(6)(7)</sup>	--	163,700	163,700		December 2010 <sup>(6)</sup>
Total Credit Agreements	<u>\$--</u>	<u>\$469,253</u>	<u>\$469,253</u>		
<b>MORTGAGES PAYABLE</b>					
Fixed Rate Mortgages		\$312,996	\$336,627	5.24% - 12.5% Variable <sup>(9)</sup>	2010 – 2028
Variable Rate Mortgages		8,835	7,610		2010 – 2011
Total Mortgages <sup>(10)(11)</sup>		321,831	344,237		
Net unamortized premium		4,710	5,895		
Total Mortgages, net		<u>\$326,541</u>	<u>\$350,132</u>		
<b>NOTES PAYABLE</b>					
4.50% unsecured notes		\$150,000	\$150,000	4.500%	February 2011
3.75% unsecured notes <sup>(12)</sup>		10	217	3.750%	June 2012
5.13% unsecured notes		125,000	125,000	5.125%	September 2012
5.50% unsecured notes		50,000	50,000	5.500%	November 2013
7.97% unsecured notes <sup>(13)</sup>		10,000	10,000	7.970%	August 2026
7.65% unsecured notes <sup>(13)</sup>		25,000	25,000	7.650%	November 2026
7.68% unsecured notes <sup>(13)</sup>		10,000	10,000	7.680%	November 2026
7.68% unsecured notes <sup>(13)</sup>		10,000	10,000	7.680%	November 2026
6.90% unsecured notes <sup>(13)</sup>		25,000	25,000	6.900%	February 2028
6.90% unsecured notes <sup>(13)</sup>		25,000	25,000	6.900%	February 2028
5.30% unsecured notes		100,000	100,000	5.300%	January 2015
5.25% unsecured notes		125,000	125,000	5.250%	September 2015
7.50% unsecured notes		25,000	25,000	7.500%	July 2029
Total Notes		680,010	680,217		
Net unamortized premium		22,278	23,418		
Total Notes, net		<u>\$702,288</u>	<u>\$703,635</u>		
CAPITAL LEASES		<u>\$29,260</u>	<u>\$29,605</u>	7.500%	June 2031
<b>TOTAL DEBT</b>		<u>\$1,527,342</u>	<u>\$1,552,625</u>		

- (1) On July 31, 2007, the Company entered into a \$350.0 million unsecured revolving credit facility (as amended, the "Amended July 2007 Facility") with Bank of America, N.A., as administrative agent. On January 15, 2009, the Company entered into a supplement to the Amended July 2007 Revolving Facility (the "Supplement to the Amended July 2007 Facility") modifying certain terms and conditions of the Amended July 2007 Facility, and superseding the terms and conditions set forth in letter agreements entered into by the Company with Bank of America, as administrative agent, on February 14, 2008, March 28, 2008, May 7, 2008, May 30, 2008, September 26, 2008, and December 15, 2008. No further borrowings under the Amended July 2007 Facility are permitted and any amounts repaid prior to the maturity may not be reborrowed. The outstanding debt under the Amended July 2007 Facility was repaid from the proceeds of the Term Loans entered into on July 28, 2010 by certain subsidiaries of the Company. See Note 15 – Subsequent Events for further information.
- (2) Certain assets of Centro NP Residual Holding LLC (the "Residual Joint Venture") are provided as collateral for this debt.
- (3) The Company incurs interest using the 30-day LIBOR rate which was 0.34844% as of June 30, 2010. The interest rate on this facility adjusts based on the Company's credit rating.
- (4) The Company also incurs an annual facility fee of 22.5 basis points on this facility.
- (5) The default interest rate accrues from January 15, 2009, at LIBOR or the Prime Rate plus 11.25%. The default interest rate is applicable upon the event of default. No such event of default occurred to cause the payment of the additional default interest rate during the three and six months ended June 30, 2010.
- (6) \$108.7 million of secured term loans had their debt maturities extended until December 31, 2010 (see below under *Extension and Payment of Secured Term Loan Payments*). As determined by the applicable loan agreement, the Company incurs interest on these obligations using the 30-day LIBOR rate, which was 0.34844% as of June 30, 2010, plus spreads ranging from 135 to 175 basis points. The outstanding debt on such secured term loans was repaid from the proceeds of the Term Loans entered into on July 28, 2010 by certain subsidiaries of the Company. See Note 15 – Subsequent Events for further information.
- (7) Includes a secured term loan with Keybank National Association, amounting to \$55.0 million entered into on November 28, 2007 which matures on December 31, 2010. The loan is secured by four properties. As determined by the applicable loan agreement, the Company incurs interest on this obligation using the 30-day LIBOR rate plus a spread of 250 basis points. The outstanding debt on such secured term loan was repaid from the proceeds of the Term Loans entered into on July 28, 2010 by certain subsidiaries of the Company. See Note 15 – Subsequent Events for further information.
- (8) As determined by the applicable loan agreement, the Company incurs interest on these obligations using the 30-day LIBOR rate, which was 0.34844% as of June 30, 2010, plus spreads ranging from 135 to 175 basis points.
- (9) As determined by the applicable loan agreement, the Company incurs interest on these obligations using either the 30-day LIBOR rate, which was 0.34844% as of June 30, 2010, plus 125 basis points, or the Moody's A Corporate Bond Index, which was 4.66% as of June 30, 2010, plus spreads ranging from 12.5 to 37.5 basis points.
- (10) An aggregate of \$56 million of mortgages payable is scheduled to mature during the remaining six months of 2010, consisting of maturities and scheduled mortgage amortization payments.

## CENTRO NP LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (11) An aggregate of \$110.9 million of mortgages payable were repaid from the proceeds of the Term Loans entered into on July 28, 2010 by certain subsidiaries of the Company. See Note 15 – Subsequent Events for further information.
- (12) Represents convertible senior notes. At certain dates, and upon the occurrence of certain events, the notes are convertible into cash up to their principal amount and, with respect to the remainder, if any, of the conversion value in excess of such principal amount, cash or shares of the Company's common stock. The initial conversion price was \$25.00 per share. On or after June 9, 2008, the Company may redeem all or a portion of the notes at a redemption price equal to the principal amount of the notes plus any accrued interest. In addition, on June 1, 2010, June 1, 2012, and June 1, 2018, or upon the occurrence of certain fundamental changes prior to June 1, 2010, note holders have the right to require the Company to purchase all or any portion of the notes, at a purchase price equal to the principal amount plus any accrued and unpaid interest on the notes. Although the stated maturity date of the notes is June 1, 2023, the scheduled maturity date listed above represents the first date that note holders have the right, not contingent on other provisions, to require the Company to redeem all or any portion of the notes. As discussed further below, these note holders had the right to require the Company to purchase all or any portion of their outstanding notes, at a purchase price equal to the principal amount plus any accrued and unpaid interest on the notes from June 1, 2010 through June 21, 2010. As of June 30, 2010, approximately \$10,000 of the original \$115.0 million aggregate principal amount of the notes remained outstanding.
- (13) Pursuant to the Consent Solicitation, the Company added a put repurchase right that requires the Company to offer to repurchase (but not require the holders to tender) such notes for an amount equal to the principal amount plus accrued and unpaid interest on January 15, 2014. Although the stated maturity dates for these notes range from August 2026 to February 2028, the scheduled maturity dates listed above represent the first date that note holders can require the Company to redeem all or any portion of the notes pursuant to the required put repurchase right.

On January 15, 2009, the Company entered into a supplement to the Amended July 2007 Revolving Facility (the "Supplement to the Amended July 2007 Facility") modifying certain terms and conditions of the \$350.0 million unsecured revolving credit facility the Company entered into on July 31, 2007, with Bank of America N.A., as administrative agent (as amended, the "Amended July 2007 Facility"), and superseding the terms and conditions set forth in letter agreements entered into by the Company with Bank of America, as administrative agent, on February 14, 2008, March 28, 2008, May 7, 2008, May 30, 2008, September 26, 2008, and December 15, 2008. Following the Supplement to the Amended July 2007 Facility, the Amended July 2007 Facility has a maturity date of December 31, 2010. As of January 15, 2009, the Company had an aggregate of \$306.5 million borrowing outstanding under the Amended July 2007 Facility. Borrowings under the Amended July 2007 Facility bear interest at a rate per annum equal to, at our option, the prime rate or LIBOR plus an applicable margin of 1.75%.

In addition to the interest that accrues and is paid currently, upon the occurrence of an event of default, additional interest would accrue from May 7, 2008 to January 15, 2009 at a rate of 5.5%, thereby increasing the total interest rate to LIBOR or the prime rate plus 7.25% for that period. This additional interest becomes due and payable only upon the occurrence of an event of default as defined in the Amended July 2007 Facility. No such event of default has occurred, therefore interest continues to accrue at LIBOR or the prime rate plus 1.75%.

Additionally, post January 15, 2009, if an event of default occurs and is continuing, interest on the balance accrues at a rate equal to LIBOR or the prime rate plus 11.25% (an increase of 4% from the previous default rate). The new default interest rate provided under the Amended July 2007 Facility is applicable from the date of such event of default. No further borrowings under the Amended July 2007 Facility are permitted and any amounts repaid or prepaid prior to the maturity date may not be reborrowed.

The Amended July 2007 Facility is secured by assets held by the Company, as well as by certain assets held by the Residual Joint Venture.

Additionally, the loans and other obligations under the Amended July 2007 Facility are required to be paid, and the commitments will be reduced accordingly, upon the receipt by the Company of net proceeds from the disposition of certain properties. Net proceeds in respect of certain casualty and condemnation events affecting certain properties are required to be applied towards the prepayment of the loans as well. Except under certain limited circumstances, the Company is prohibited from selling or transferring property, making equity issuances or making payments of cash or other property with respect to indebtedness without lender consent. The requirement that the Company manage at least 90% of its properties was revised to permit Centro US Management Joint Venture 2, LP (the "Management Joint Venture") or one of its indirect or direct subsidiaries to also act as manager of such properties.

CPT Manager Limited, as the responsible entity of CPT and CPL agreed under the Supplement to the Amended July 2007 Facility to take and avoid taking certain actions with respect to the Company, such as (i) entering into any agreement that limits the Company's flexibility, or grants lender consent rights, with respect to the sale of the Company's assets, (ii) obtaining guaranties from the Company with respect to parent debt, (iii) pledging any of the Company's assets in favor of their creditors, (iv) permitting the Company to transfer assets to CPT and CPL, or giving guaranties for their debt. A breach of such covenants was made an event of default under the Supplement to the Amended July 2007 Facility. The Supplement to the Amended July 2007 Facility also releases

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the parent Company guaranty under that certain Guaranty Agreement, dated July 31, 2007, by and among CPT and CPL as guarantors in favor of Bank of America, N.A., as administrative agent.

As part of the Supplement to the Amended July 2007 Facility, which was executed on January 15, 2009, the Company agreed to put in place an interest rate cap with respect to the debt under the Amended July 2007 Facility. The strike rate of the interest rate cap is 2.6%.

The Amended July 2007 Facility contains various representations, warranties and covenants customary for financings of this type, including, among others, mandatory prepayment upon the occurrence of certain events. Under the Amended July 2007 Facility, the Company is also subject to compliance with certain covenants substantially similar to those contained in the Indentures (as defined below). These covenants include: (i) total debt to total adjusted assets of no more than 65%; (ii) total secured debt to total adjusted assets of no more than 40%; (iii) unencumbered total asset value not to be less than 100% of the aggregate principal amount of all of the Company's outstanding unsecured debt and that of the Company's subsidiaries; and (iv) consolidated income available for debt service of at least 1.5 times the maximum annual service charge on total debt.

The Amended July 2007 Facility contains customary defaults, including, among others: the nonpayment of interest or principal of any loan; failure to comply with restrictions on use of proceeds; failure to observe or perform covenants under any loan document, including the Supplement to the Amended July 2007 Facility; bankruptcy or insolvency; certain judgments and decrees; change of control; defaults under the Super Bridge Loan, Residual Credit Facility and Amended and Restated Preston Ridge Facility; and defaults under any existing credit facility of certain of the Company's affiliates in excess of \$10.0 million.

Amounts outstanding under the Amended July 2007 Facility are guaranteed pursuant to an Amended and Restated Guaranty Agreement dated July 31, 2007, by and among certain of the Company's subsidiaries, as guarantors in favor of the administrative agent and the Guaranty, dated as of March 28, 2008, from certain subsidiaries of Centro NP Residual Holding LLC in favor of the administrative agent.

The outstanding debt under the Amended July 2007 Facility was repaid from the proceeds of the Term Loans entered into on July 28, 2010 by certain subsidiaries of the Company. Refer to Note 15-Subsequent Events for further information.

The Company, New Plan Realty Trust, LLC (as successor to New Plan Realty Trust, but only with respect to the 1999 Indenture (as defined below)) and U.S. Bank Trust National Association, as trustee (the "Trustee") entered into supplemental indentures (the "Supplemental Indentures"), each dated as of April 20, 2007, to (i) the Indenture dated as of March 29, 1995 (the "1995 Indenture"), by and between New Plan Excel Realty Trust, Inc. (as successor to New Plan Realty Trust, "New Plan") and the Trustee (as successor to State Street Bank and Trust Company, as successor to The First National Bank of Boston), (ii) the Indenture dated as of February 3, 1999 (the "1999 Indenture"), by and among New Plan, New Plan Realty Trust, as guarantor, and the Trustee (as successor to State Street Bank and Trust Company), and (iii) the Indenture dated as of January 30, 2004 (the "2004 Indenture", and collectively with the 1995 Indenture and the 1999 Indenture, the "Indentures"), by and between New Plan and the Trustee. The Supplemental Indentures each provided for the assumption by the Company of all of the obligations with respect to the following debt securities that are outstanding under each of the Indentures, effective April 20, 2007 (collectively, the "Notes"):

- (i) 3.70% Convertible Senior Notes due 2026 (converted into cash as of December 31, 2007);
- (ii) 3.75% Convertible Senior Notes due 2023;
- (iii) 4.50% Senior Notes due 2011;
- (iv) 5.30% Senior Notes due 2015;
- (v) 5.250% Senior Notes due 2015;
- (vi) 5.125% Senior Notes due 2012;
- (vii) 7.40% Senior Notes due 2009 (repaid September 2009);
- (viii) 5.50% Senior Notes due 2013;
- (ix) 7.50% Senior Notes due 2029;
- (x) 6.90% Senior Notes due 2028;
- (xi) 7.68% Senior Notes due 2026;
- (xii) 7.65% Senior Notes due 2026;

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- (xiii) 7.97% Senior Notes due 2026; and
- (xiv) 7.35% Senior Notes due 2007 (repaid on June 15, 2007).

In connection with the consent solicitation (described below), the Company executed the third supplemental indenture to the 1995 Indenture on October 30, 2009 to effectuate the amendments described in the consent solicitation. Previously prohibited from incurring any debt, following such amendments, the Company is permitted to refinance its existing indebtedness with the consent of the lenders under the Super Bridge Loan and incur certain incremental debt with the consent of the lenders under the Amended July 2007 Facility and the Super Bridge Loan. In addition, the Company is now required to offer to holders of notes issued pursuant to the 1995 Indenture a put repurchase right which gives such holders the option to require the Company to repurchase such notes for an amount equal to the principal amount plus accrued and unpaid interest on January 15, 2014.

The Company, as the successor obligor on the Notes, intends to continue to file with the Trustee any annual reports, quarterly reports and other documents that it is required to file with the Trustee to the extent required under the Indentures governing the Notes. In addition, the Company will file such annual reports, quarterly reports and other documents on the website of its affiliate at [www.centroprop.com](http://www.centroprop.com) pursuant to the 1995 Indenture.

Pursuant to the terms of the 3.75% Convertible Senior Notes due 2023, as set forth in the 1999 Indenture, as supplemented by an Officers' Certificate, dated May 19, 2003 (the "Officers' Certificate") and the Supplemental Indenture, dated as of December 17, 2004 (the "Supplemental Indenture"), on April 1, 2007, the sale price condition triggering the holders' conversion rights was satisfied as a result of the last reported sale price of the Company's common stock for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the previous calendar quarter was greater than or equal to 120% of the applicable conversion price on such last trading day. Accordingly, pursuant to the 1999 Indenture, as supplemented by the Officers' Certificate and the Supplemental Indenture, the 3.75% Convertible Senior Notes became convertible as of April 1, 2007 and were convertible through July 2, 2007. As such, the 3.75% Convertible Senior Notes were convertible into \$1,326 per \$1,000 principal amount of notes, convertible up to and including July 2, 2007 (subject in each case to the terms and conditions of the 1999 Indenture, as supplemented by the Officers' Certificate and the Supplemental Indenture).

Note holders had the right to require the Company to purchase all or any portion of their outstanding notes, at a purchase price equal to the principal amount plus any accrued and unpaid interest on the notes from June 1, 2010 through June 21, 2010. The Company purchased an aggregate principal amount of approximately \$0.2 million of notes. As of June 30, 2010, approximately \$10,000 of the original \$115.0 million aggregate principal amount of the 3.75% Convertible Senior Notes remained outstanding.

As of June 30, 2010, future expected/scheduled maturities of outstanding debt and capital lease obligations were as follows (in thousands):

2010 (remaining six months)	\$529,096
2011	172,050
2012	148,920
2013	91,841
2014	21,672
Thereafter	<u>536,775</u>
Total debt maturities	1,500,354
Net unamortized premiums on mortgages	4,710
Net unamortized premiums on notes	<u>22,278</u>
Total debt obligations	<u>\$1,527,342</u>

#### *Consent Solicitation*

On November 2, 2009, the Company completed a consent solicitation ("the Consent Solicitation") initially commenced on September 16, 2009, with respect to amendments to the 1995 Indenture governing its outstanding 7.65%, 7.68% and 7.97% Senior Notes due 2026 and its outstanding 6.90% Senior Notes due 2028 (such notes, the "1995 Indenture Notes"). The Company obtained the consent of holders of the 1995 Indenture Notes to:

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- (i) Add a put repurchase right that will require the Company to offer to repurchase (but not require the holders to tender) the 1995 Indenture Notes for an amount equal to the principal amount plus accrued and unpaid interest on January 15, 2014 (the “Put Right Repurchase Date”);
- (ii) Modify the Events of Default section of the 1995 Indenture to add an event of default if the Company defaults in the payment of the put repurchase price;
- (iii) Modify the “Consolidated Income Available for Debt Service” defined term applicable to the 1995 Indenture Notes to add back all non-cash charges;
- (iv) Require the Company, until the Put Right Repurchase Date, to increase the Unencumbered Total Asset Value (as defined in the 1995 Indenture) that the Company is required to maintain from 100% of the outstanding aggregate principal amount of unsecured consolidated debt to 125% of the outstanding aggregate principal amount of unsecured consolidated debt;
- (v) Modify the debt incurrence covenant to provide that (a) until April 15, 2011, the Company shall be prohibited from having consolidated debt outstanding in excess of \$1.9 billion and (b) the Company shall measure outstanding debt based on the outstanding principal amount of such debt rather than the fair value of such debt;
- (vi) Add a covenant prohibiting, until the Put Right Repurchase Date, the transfer of real property to (a) any affiliate that is not a consolidated subsidiary of the Company or (b) any equity owner of the Company; and
- (vii) Modify the financial reporting covenant to make it more consistent with the other series of notes issued by the Company, which would permit the Company to discontinue filing annual or other reports with the Securities and Exchange Commission and instead (a) deliver substantially the same kind of information (and to include in such information, financial statements of Centro NP Residual Holding LLC) to the Trustee (for continued availability to the holders of 1995 Indenture Notes), (b) post such information on the Company’s or an affiliate’s website and, promptly after posting such information, issue a press release indicating that such information has been posted with reference to the website address such information has been posted on and (c) use commercially reasonable efforts to post such information to the Company’s “Company News” page and “Company Filings” page on [www.bloomberg.com](http://www.bloomberg.com).

The Company received consents from 73.46% of holders of the 1995 Indenture Notes as of the expiration of the Consent Solicitation on October 30, 2009. Holders that validly submitted and did not revoke their consent prior to the expiration of the Consent Solicitation were paid a consent fee of \$35 per \$1,000 principal amount consented on November 2, 2009. Total fees of \$2.7 million incurred are being amortized through interest expense until maturity of the notes.

#### *Residual Credit Facility*

On January 15, 2009, certain subsidiaries of the Residual Joint Venture, entered into a credit facility (the “Residual Credit Facility”) with JPMorgan Chase Bank, N.A. (as agent and a lender) and the other lenders party thereto, pursuant to which they may borrow up to \$370.0 million. The Residual Credit Facility is collateralized by properties that were contributed by the Company and now owned by the borrowers under the Residual Credit Facility and certain other subsidiaries of the Residual Joint Venture and has a maturity date of December 31, 2010. The Residual Credit Facility is guaranteed by Super LLC, the Residual Joint Venture and Centro NP Residual Holding Sub 1, LLC, a subsidiary of the Residual Joint Venture and the 100% owner of each of the borrowers under the Residual Credit Facility. An initial draw on the Residual Credit Facility in the amount of approximately \$152.3 million was used for the repayment of a portion of the Super Bridge Loan (as described below), the payment of the DownREIT Partnership Redemption Obligation (as defined and described in Note 11) and the payment of the Secured Term Loan Payments (as described below). The remaining proceeds of the Residual Credit Facility may be used for development and redevelopment of certain properties, the payment of certain maturing debt and general

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corporate cash needs. As of June 30, 2010, approximately \$352.5 million had been drawn on the Residual Credit Facility. The Company does not control the Residual Joint Venture and cannot cause the Residual Joint Venture to make a draw under the Residual Credit Facility or to distribute the proceeds therefrom. The Amended July 2007 Facility will cross-default upon any default of the Residual Credit Facility. On July 28, 2010, certain subsidiaries of the Residual Joint Venture, entered into an amendment to the Residual Credit Facility with JPMorgan Chase Bank N.A. (as agent and a lender) and the other lenders party thereto, pursuant to which borrowing on the facility was capped at \$352.5 million and the maturity date extended to December 31, 2011. Refer to Note 15-Subsequent Events for further information.

#### *Extension of Super Bridge Loan*

On January 15, 2009, Super LLC entered into a second amended and restated loan agreement with JPMorgan Chase Bank, N.A., as administrative agent, with an approximate outstanding balance of \$1.9 billion (the "Super Bridge Loan"). Proceeds from distributions from the Residual Joint Venture (as described above) that were funded with borrowings from the Residual Credit Facility were used to repay \$133.5 million of the outstanding balance leaving an approximate outstanding balance of \$1.7 billion. The maturity date has been extended to December 31, 2010 and the applicable margin of 1.75% remains unchanged from the previously negotiated applicable margin under the Prior Super Bridge Loan. The Company is not an obligor under the Super Bridge Loan but the Amended July 2007 Facility will cross-default upon any default of the Super Bridge Loan. On July 28, 2010, Super LLC entered into an amendment to the Super Bridge Loan with JPMorgan Chase Bank, N.A., as administrative agent, pursuant to which the maturity date was extended to December 31, 2011. Refer to Note 15 – Subsequent Events for further information.

#### *Preston Ridge Facility*

BPR Shopping Center, LLC ("BPR LLC") is a subsidiary of the Residual Joint Venture. On January 15, 2009, BPR LLC entered into an amended and restated loan agreement (the "Amended and Restated Preston Ridge Facility") with JPMorgan Chase Bank, N.A. (as agent and a lender) and the other lenders party thereto, which amended and restated the \$105.0 million credit facility entered into by BPR LLC on February 14, 2008, with JPMorgan Chase Bank, N.A. (as agent and a lender) and the other lenders party thereto. The Amended and Restated Preston Ridge Facility, among other things, extended the maturity date to December 31, 2010. The applicable margin under the Amended and Restated Preston Ridge Facility remained unchanged. The Amended and Restated Preston Ridge Facility has an outstanding balance of \$105.0 million and no additional amounts may be drawn. The Amended July 2007 Facility will cross-default upon any default of the Amended and Restated Preston Ridge Facility. On July 28, 2010, BPR LLC entered into an amendment to the Amended and Restated Preston Ridge Facility with JPMorgan Chase Bank, N.A. (as agent and a lender) and the other lenders party thereto, pursuant to which the maturity date was extended to December 31, 2011. Refer to Note 15 – Subsequent Events for further information.

#### *Restriction on Incurring Additional Indebtedness*

The Company is no longer prohibited from incurring additional indebtedness after amendments to the 1995 Indenture effected in the Consent Solicitation removed such restriction, but capped our ability to incur debt through April 15, 2011 at \$1.9 billion. However, due to certain covenants and restrictions contained in certain of the debt agreements of the Company and its parent, Super LLC, the Company is currently restricted from incurring additional indebtedness without the consent from lenders under the Amended July 2007 Facility and the Super Bridge Loan except with respect to trade and operational debt incurred in the ordinary course of business, non-recourse guarantees of mortgage debt, debt in connection with capital expenditures, capital improvements, tenant improvements, tenant allowances and other similar expenses in the ordinary course of business and, with consent of the lenders under the Super Bridge Loan only, refinancing mortgage debt, provided that any excess proceeds of such refinanced debt are allocated pursuant to the terms of the Amended July 2007 Facility. As of July 28, 2010, the Company may incur additional indebtedness from refinancing of mortgage debt without the consent of the lenders under the Super Bridge Loan if, certain conditions are satisfied relative to, among other things, debt yield and loan maturity. In addition, as of July 28, 2010, the Company may incur mortgage indebtedness secured by the Company's unencumbered properties without the consent of the lenders under the Super Bridge Loan if certain conditions are satisfied relative to, among other things, use of proceeds and loan maturity. Refer to Note 15 – Subsequent Events for further information.

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*Collateralization of Super Bridge Loan Debt*

It should be noted that as of June 30, 2010 and since April 20, 2007, the Super Bridge Loan (totaling \$1.7 billion as of June 30, 2010) of the Company's parent, Super LLC is collateralized by Super LLC's 100% membership interest in the Company. It is also collateralized by certain assets held by the Residual Joint Venture. As of July 28, 2010, \$100 million of the Super Bridge Loan is also collateralized by certain assets of the Company with an aggregate value of \$124.4 million. Refer to Note 15 – Subsequent Events for further information.

*Certain Lockboxes Controlled by Lenders*

As of June 30, 2010, and in the instance of mortgage loans totaling \$138.1 million, the Company is required to maintain lock-boxes for receipt of all revenue relating to the properties in which the mortgages are collateralized over. These lock-boxes are controlled by the respective lenders. The Company was required to submit to the lender a budget of operating expenditures which was approved by each of the respective lenders. Each month, the Company is entitled to request funds from the lock-boxes in accordance with the approved budgeted operating expenditures. All additional revenue, after payment of interest, required principal repayment and maintenance of insurance and real estate tax escrows is taken as a reduction to the mortgage principal balance. The additional revenue received into the lock-boxes is not available to the Company. As of July 28, 2010, \$103.4 million of these mortgage loans have been repaid. Refer to Note 15-Subsequent Events for further information.

**Note 8: Other Liabilities**

Other liabilities are comprised of the following (in thousands):

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Property and other taxes payable	\$19,183	\$24,037
Interest payable	43,356	41,770
Accrued professional and personnel costs	6,278	5,782
Accrued construction costs	178	468
Accounts payable	11,338	9,987
Accrued acquisition / disposition costs	372	505
Accrued insurance	14,591	13,642
Other	<u>4,563</u>	<u>12,242</u>
Total	<u>\$99,859</u>	<u>\$108,433</u>

**Note 9: Related Parties**

The Company pays subcontract fees for management services provided by an affiliate of the Company, which is calculated on costs incurred to manage properties plus 50 basis points. For the three and six months ended June 30, 2010 and 2009, the Company incurred approximately \$1.7 million and \$3.5 million, respectively, in subcontract fees. During the three and six months ended June 30, 2010, the Company incurred leasing fees of \$1.5 million and \$2.4 million, respectively, for services provided by an affiliate of the Company. During the three and six months ended June 30, 2009, the Company incurred leasing fees of \$3.2 million and \$2.8 million, respectively, for services provided by an affiliate of the Company. During the three and six months ended June 30, 2010, the Company incurred property management fees of \$2.8 million and \$5.7 million, respectively. During the three and six months ended June 30, 2009, the Company incurred property management fees of \$4.1 million and \$5.9 million, respectively. As of June 30, 2010, approximately \$2.3 million and \$0.9 million of the property management fees and leasing fees, respectively, remained unpaid.

The Company also derives fee income from services provided to certain of its joint ventures and other managed properties. For the three and six months ended June 30, 2010, the Company generated approximately \$3.6 million and \$7.2 million, respectively, in fee income. For the three and six months ended June 30, 2009, the

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Company generated approximately \$5.0 million and \$9.3 million, respectively, in fee income. As of June 30, 2010 and December 31, 2009, the Company had approximately \$8.7 million and \$12.0 million, respectively, of fee income receivable.

#### **Note 10: Risk Management and Use of Financial Instruments**

##### Risk Management

In the normal course of its on-going business operations, the Company encounters economic risk. There are three main components of economic risk: interest rate risk, credit risk and market risk. The Company is subject to interest rate risk on its interest-bearing liabilities. Credit risk is the risk of default on the Company's operations and tenants' inability or unwillingness to make contractually required payments. Market risk includes changes in the value of the properties held by the Company due to changes in interest rates or other market factors.

##### Management of Market Risk

As a real estate company, the Company is subject to all of the risks associated with owning and operating real estate. The value of the Company's real estate investments is driven by market conditions, including the financial stability of tenants, demand for properties/rental space and changes in market rental rates.

Current and forecast retail market conditions are not overly positive. However, the Company manages this market risk through a high weighting of non-discretionary spending tenants, such as grocery stores, drug stores, geographic diversification of properties and selection of properties in areas with customer catchments with strong economic demographics. It is possible that if the Company is required to dispose of real estate assets in the near term and in an other than ordinary transaction to assist with the Company's liquidity position, those real estate assets could be sold at an accounting loss.

##### Use of Derivative Financial Instruments

The Company's use of derivative instruments is 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 Company's operating and financial structure, as well as to hedge specific transactions. The counterparties to these arrangements are major financial institutions with which the Company and its affiliates may also have other financial relationships. The Company is potentially exposed to credit loss in the event of non-performance by these counterparties. However, because of their high credit ratings, the Company does not anticipate that any of the counterparties will fail to meet these obligations as they come due. The Company does not use derivative instruments to hedge credit/market risk. The Company's derivative instruments do not qualify for hedge accounting treatment. Gains and losses pertaining to derivatives are included in "Interest expense" on the Company's Consolidated Statements of Operations and Comprehensive Income/(Loss).

During the year ended December 31, 2009, the Company entered into five interest rate cap agreements on \$470.2 million of debt expiring on December 31, 2010. The Company will receive a payout under the terms of the cap if the one-month LIBOR rate exceeds 2.60%. It is also noted that the Company entered into these interest rate cap agreements as a requirement of the Company's lender in extending certain debt through December 31, 2010. Additionally, the Company entered into five interest rate corridor agreements on \$469.2 million of debt expiring on December 31, 2010. Under the interest rate corridor agreement the Company will receive a payout under the terms of the respective interest rate corridor agreements if the one month LIBOR rate exceeds 1.0% up to 2.60%. These additional interest rate corridors were purchased in addition to and do not replace the aforementioned interest rate cap agreements. The objective for holding these derivative financial instruments is to provide protection against an increase in LIBOR rates. During the three months and six ended June 30, 2010, 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 values of the Company's derivative financial instruments as of June 30, 2010 (dollars in thousands). The notional amounts at June 30, 2010 provide an indication of the extent of the Company's involvement in these instruments at that time, but do not represent exposure to credit, interest or market risks:

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<u>Hedge Product</u>	<u>Hedge Type</u>	<u>Notional Amount</u>	<u>Strike</u>	<u>Maturity</u>	<u>Fair Value</u>
Interest Rate Cap	Interest Rate	\$62,862	2.60%	12/31/2010	\$--
Interest Rate Cap	Interest Rate	13,014	2.60%	12/31/2010	--
Interest Rate Cap	Interest Rate	32,824	2.60%	12/31/2010	--
Interest Rate Cap	Interest Rate	306,500	2.60%	12/31/2010	--
Interest Rate Cap	Interest Rate	<u>55,000</u>	2.60%	12/31/2010	--
Total		<u>\$470,200</u>			<u>\$--</u>

<u>Hedge Product</u>	<u>Hedge Type</u>	<u>Notional Amount</u>	<u>Strike</u>	<u>Maturity</u>	<u>Fair Value</u>
Interest Rate Corridor	Interest Rate	\$62,862	1.0%-2.60%	12/31/2010	\$2
Interest Rate Corridor	Interest Rate	13,014	1.0%-2.60%	12/31/2010	--
Interest Rate Corridor	Interest Rate	32,824	1.0%-2.60%	12/31/2010	1
Interest Rate Corridor	Interest Rate	305,530	1.0%-2.60%	12/31/2010	9
Interest Rate Corridor	Interest Rate	<u>55,000</u>	1.0%-2.60%	12/31/2010	<u>2</u>
Total		<u>\$469,230</u>			<u>\$14</u>

Derivative financial instruments are included in Other Assets in the Company's Consolidated Balance Sheets. The cost to acquire the interest rate caps was approximately \$1.4 million. The cost to acquire the interest rate corridors was approximately \$0.6 million. The difference between the purchase price of these derivative financial instruments and fair value at June 30, 2010 is included in the income statement in interest expense.

Concentration of Credit Risk

A concentration of credit risk arises in the Company's business when a national or regionally-based tenant occupies a substantial amount of space in multiple properties owned by the Company. In that event, if the tenant suffers a significant downturn in its business, it may become unable to make its contractual rent payments to the Company, exposing the Company to a potential loss in rental revenue that is magnified as a result of the tenant renting space in multiple locations. The Company 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.

Risks Associated with Liquidity Position

The Company presently has \$305.5 million of debt under its Amended July 2007 Facility and \$163.7 million under four secured term loan agreements which is scheduled to mature on December 31, 2010. During the remaining six months of 2010, the Company also has an aggregate of \$56.0 million of mortgage debt scheduled to mature, plus \$3.3 million of scheduled mortgage amortization payments. An event of default caused by the non-payment of this debt upon maturity may result in a default under our public indentures. Such event of default will result in a default of the Super Bridge Loan, the Residual Credit Facility and the Amended and Restated Preston Ridge Facility. The Amended July 2007 Facility and the four secured term loan agreements were repaid in full with proceeds from the Term Loans (as defined below) as of July 28, 2010. Refer to Note 15 of the Financial Statements for further discussion. In addition, covenants contained in certain indebtedness of the Company and its parent, Super LLC, significantly constrain the Company's ability to incur additional debt in the short-term without obtaining consent from the lenders under the Amended July 2007 Facility and the Super Bridge Loan. In connection with the Supplement to the Amended July 2007 Facility, the Company is no longer permitted to make draws under the Amended July 2007 Facility, and is limited to financing any development costs from distributions received from the Residual Joint Venture, and equity contributions from Super LLC, that are funded with borrowings from the Residual Credit Facility and certain asset sale proceeds. While the Company is now able to refinance mortgage debt with the consent of the lenders under the Super Bridge Loan, any excess proceeds received from such refinancing must be applied in accordance with the terms of the Amended July 2007 Facility. As of July 28, 2010, the Residual Joint Venture is no longer permitted to make draws under the Residual Credit Facility, however, the Company is able to refinance existing mortgage indebtedness without the consent of the lenders under the Super Bridge Loan if certain conditions are satisfied relative to, among other things, debt yield and loan maturity. In addition, as of July

## CENTRO NP LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

28, 2010, the Company is able to incur mortgage indebtedness secured by the Company's unencumbered properties without the consent of the lenders under the Super Bridge Loan if certain conditions are satisfied relative to, among other things, use of proceeds and loan maturity.

On October 30, 2009, the Company amended the terms of the 1995 Indenture which had previously prohibited the Company from incurring any additional debt. Following such amendment, the Company is permitted to refinance its existing indebtedness with the consent of the lenders under the Super Bridge Loan and incur certain incremental debt (through April 15, 2011, not to exceed \$1.9 billion) with the consent of the lenders under the Amended July 2007 Facility and the Super Bridge Loan.

The Company's ultimate parent investors (CPT and CPL) are also dealing with significant liquidity/refinancing issues. Due to the financial constraints of the Company's ultimate parent investors, it is unlikely that they will be able to make additional equity contributions to alleviate the Company's short-term liquidity issues.

#### **Note 11: Non-Controlling Interests in Consolidated Partnerships**

The main component of non-controlling interests in consolidated partnerships and joint ventures pertain to the preferred unitholders in the DownREIT partnership. In accordance with the guidance provided in the Topic 810, this component of non-controlling interests in consolidated partnerships is required to be classified as mezzanine equity. Such classification is required given the preferred unitholders to redeem their units at anytime for cash. Refer to discussion further below. In 1995, the DownREIT Partnership, a consolidated entity, was formed to own certain real estate properties. A wholly owned subsidiary of the Company is the sole general partner of the DownREIT Partnership and is entitled to receive 99% of all net income and gains before depreciation, if any, after the limited partners receive their preferred cash and gain allocations. Properties have been contributed to the DownREIT Partnership in exchange for cash, the assumption of mortgage indebtedness and limited partnership units (which may be redeemed at stipulated prices for cash).

As of December 31, 2008, there were 2,643,870 Class A Preferred Units outstanding and not owned by Centro NP or its affiliates. Holders of these Class A Preferred Units have a redemption right for their Class A Preferred Units which became exercisable starting April 20, 2008. Each Class A Preferred Unit is redeemable for \$33.15 plus all accrued and unpaid distributions.

The DownREIT Partnership entered into agreements (the "ERP Redemption Agreements") in June 2008 with twelve limited partners with respect to the redemption of each limited partner's outstanding Class A Preferred Units for an aggregate amount of \$44.9 million of which \$9.4 million remained outstanding as of December 31, 2008 (the "DownREIT Partnership Redemption Obligation"). On August 29, 2008, one of the limited partners party to an ERP Redemption Agreement entered into an agreement with the DownREIT Partnership revoking the redemption of its then outstanding remaining Class A Preferred Units and electing to retain such units. On September 12, 2008, November 25, 2008 and December 12, 2008, the DownREIT Partnership entered into amendments to the ERP Redemption Agreements with the remaining eleven limited partners who had elected to redeem their Class A Preferred Units which provided for, among other things, an extension of the redemption date of the DownREIT Partnership Redemption Obligation ultimately to January 15, 2009. Additionally, on November 11, 2008, another Class A Preferred Unit Holder (separate to the previously discussed twelve limited partners that had made a redemption election) elected to redeem substantially all of its Class A Preferred Units. Such units were redeemed in exchange for the fee interest in a property. As of June 30, 2010, no other limited partners with Class A Preferred Units have made a redemption election. Such redemption election may be made at any time and the Company is required to make such redemption on the second to last business day of the quarter in which such election is made, provided that the Company receives the redemption election at least ten business days prior to such date.

On January 15, 2009, the Company paid in full the DownREIT Partnership Redemption Obligation using proceeds from distributions from the Residual Joint Venture that were funded with borrowings from the Residual Credit Facility.

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On November 19, 2009, the DownREIT Partnership entered into an agreement with two limited partners redeeming 90,000 Class A Preferred Units, which constituted all outstanding Class A Preferred Units of one limited partner and a portion of the other limited partner's outstanding Class A Preferred Units, for an aggregate amount of \$3.0 million. In connection with the agreement, the limited partner with remaining outstanding Class A Preferred Units agreed to refrain from exercising its redemption right with respect to its remaining outstanding Class A Preferred Units for a period of five years subject to certain conditions.

Codification Topic 480, *Distinguishing Liabilities from Equity* (Topic 480), requires that DownREIT Partnership Class A Preferred Units that became mandatorily redeemable by the Company pursuant to the terms of the DownREIT Partnership Agreement should be classified as a liability in the consolidated financial statements. DownREIT Partnership Class A Preferred Units become mandatorily redeemable when the holder elects to redeem the units. As of December 31, 2008, 283,127 units had been redeemed by holders which were yet to be paid. Accordingly, \$9.4 million of the total redemption amount payable relating to the DownREIT Partnership Class A Preferred Units were classified as a liability as of December 31, 2008 and are referred to above as the DownREIT Partnership Redemption Obligation.

DownREIT Partnership unit information is summarized as follows:

	<b>Limited Partner Units</b>
Outstanding at December 31, 2009	650,359
Issued	--
Redeemed	--
	-----
Outstanding at June 30, 2010	<u>650,359</u>

The changes in redeemable non-controlling interests for the three and six months ended June 30, 2010 and 2009 (in thousands):

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Balance at beginning of period:	\$21,559	\$24,542	\$21,559	\$25,051
Distributions to non-controlling interests	(323)	(368)	(646)	(1,245)
Redemptions of non-controlling interests	--	--	--	--
Net loss	<u>323</u>	<u>368</u>	<u>646</u>	<u>736</u>
Ending Balance	<u>\$21,559</u>	<u>\$24,543</u>	<u>\$21,559</u>	<u>\$24,542</u>

**Note 12: Commitments and Contingencies**

General

The Company is not presently involved in any material litigation arising outside the ordinary course of its business. However, the Company is involved in routine litigation arising in the ordinary course of business, none of which is believed to be material in light of reserves taken by the Company. In connection with a specific tenant litigation, the Company maintains an aggregate reserve of approximately \$4.3 million as of June 30, 2010. Given the current status of the tenant litigation, the Company believes that any loss in excess of the established reserve would be immaterial.

Funding Commitments

In addition to the joint venture funding commitments described in Note 5 above, the Company also had the

## CENTRO NP LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

following contractual obligations as of June 30, 2010, none of which the Company believes will have a material adverse affect on the Company's operations:

- *Letters of Credit.* The Company has arranged for the provision of five separate letters of credit in connection with certain property or insurance related matters. If these letters of credit are drawn, the Company will be obligated to reimburse the providing bank for the amount of the draw. As of June 30, 2010, there was no balance outstanding under any of the letters of credit. If the letters of credit were fully drawn, the combined maximum amount of exposure would be approximately \$7.6 million. The expiration of the remaining letters of credit may be automatically extended pursuant to the terms of the Amended July 2007 Facility and Bank of America, as the issuing bank under these letters of credit, has agreed not to prevent the automatic extension of such letters of credit.
- *Non-Recourse Debt Guarantees.* Under certain Company and joint venture non-recourse mortgage loans, the Company could, under certain circumstances, be responsible for portions of the mortgage indebtedness in connection with certain customary non-recourse carve-out provisions such as environmental conditions, misuse of funds and material misrepresentations. As of June 30, 2010, the Company had mortgage loans and secured term loans outstanding of approximately \$485.5 million, excluding the impact of unamortized premiums, and unconsolidated joint ventures in which the Company has a direct or indirect interest had loans outstanding of approximately \$3.0 billion. In addition, the Company has guaranteed certain construction and other obligations relative to certain joint venture development projects; however, the Company does not expect that its obligations under such guarantees will be material if called upon.
- *Leasing Commitments.* The Company has entered into leases, as lessee, in connection with ground leases for shopping centers which it operates and administrative space for the Company. 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):

<u>Year</u>	
2010 (remaining six months)	\$426
2011	857
2012	890
2013	894
2014	853
Thereafter	13,512

- *Redemption Rights.* The DownREIT Partnership entered into the ERP Redemption Agreements in June 2008 with twelve limited partners with respect to the redemption of each limited partner's outstanding Class A Preferred Units for an aggregate amount of \$44.9 million of which \$9.4 million remained outstanding as of December 31, 2008 (the "DownREIT Partnership Redemption Obligation"). On August 29, 2008, one of the limited partners party to an ERP Redemption Agreement entered into an agreement with the DownREIT Partnership revoking the redemption of its remaining Class A Preferred Units and electing to retain such units. On September 12, 2008, November 25, 2008 and December 12, 2008, the DownREIT Partnership entered into amendments to the ERP Redemption Agreements with the remaining eleven limited partners who had elected to redeem their Class A Preferred Units which provided for, among other things, an extension of the redemption date of the DownREIT Partnership Redemption Obligation ultimately to January 15, 2009. Additionally, on November 11, 2008, another Class A Preferred Unit Holder (separate to the previously discussed twelve limited partners that had made a redemption election) elected to redeem substantially all of its Class A Preferred Units. Such units were redeemed in exchange for the fee interest in a property. As of June 30, 2010, no other limited partners with Class A Preferred Units have made a redemption election. Such redemption election may be made at any time and the Company is required to make such redemption on the second to last business day of the quarter in which such election is made, provided that the Company receives the redemption election at least ten business days prior to such date.

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On January 15, 2009, the Company paid in full the DownREIT Partnership Redemption Obligation using proceeds from distributions from the Residual Joint Venture that were funded with borrowings from the Residual Credit Facility.

On November 18, 2009, the DownREIT Partnership entered into an agreement with two limited partners redeeming 90,000 Class A Preferred Units, which constituted all outstanding Class A Preferred Units of one limited partner and a portion of the other limited partner's outstanding Class A Preferred Units, for an aggregate amount of \$3.0 million. In connection with the agreement, the limited partner with remaining outstanding Class A Preferred Units agreed to refrain from exercising its redemption right with respect to its remaining outstanding Class A Preferred Units for a period of five years subject to certain conditions.

In accordance with Topic 480, DownREIT Partnership Class A Preferred Units that became mandatorily redeemable by the Company pursuant to the terms of the DownREIT Partnership Agreement should be classified as a liability in the consolidated financial statements. DownREIT Partnership Class A Preferred Units become mandatorily redeemable when the holder elects to redeem the units.

#### Environmental Matters

Under various federal, state and local laws, ordinances and regulations, the Company may be considered an owner or operator of real property or may have arranged for the disposal or treatment of hazardous or toxic substances and, therefore, may become liable for the costs of removal or remediation of certain hazardous substances released on or in their property or disposed of by them, as well as certain other potential costs which could relate to hazardous or toxic substances (including governmental fines and injuries to persons and property). Such liability may be imposed whether or not the Company 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 Company'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 Company 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 Company is also aware that asbestos-containing materials exist at some of its properties. While the Company does not expect the environmental conditions at its properties, considered as a whole, to have a material adverse effect on the Company, 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 Company or that a material environmental condition does not otherwise exist with respect to any of the Company's properties.

#### **Note 13: Comprehensive Loss**

Total comprehensive loss was as follows for the periods indicated below (dollars in thousands):

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Comprehensive loss	<u>\$(31,629)</u>	<u>\$(179,650)</u>	<u>\$(26,248)</u>	<u>\$(195,766)</u>

As of June 30, 2010, the primary component of comprehensive loss, other than net income (loss), was the Company's mark-to market adjustment on its available-for-sale securities.

#### **Note 14: Fair Value**

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Effective January 1, 2008, the Company partially adopted accounting guidance per Codification Topic 825, *Financial Instruments* (“Topic 825”), which provides a framework for measuring fair value under GAAP. The Company has not elected to apply the Fair Value Option 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, 2010 are those required to be fair valued under other accounting standards.

#### Fair Value Measurement

Topic 825 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 three and six months ended June 30, 2010, there were no transfers in or out of Levels 1 and 2. There were also no purchases or sales of investments measured within Level 3.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis:

The fair value of marketable securities is the market value based on both quoted market prices and other valuations.

The Company has classified all investments as available-for-sale. All investments are recorded at available market value with an offsetting adjustment to members’ capital (dollars in thousands):

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Cost basis	\$13,225	\$13,968
Unrealized holding gains	<u>235</u>	<u>225</u>
Fair value	<u>\$13,460</u>	<u>\$14,193</u>

The weighted average method is used to determine realized gain or loss on securities sold. The Company’s marketable securities are primarily held by ERT CIC, which reports on a quarterly lag. Accordingly, the fair value of marketable securities is primarily based upon quoted market prices as of March 31, 2010 and September 30, 2009, respectively, as the Company’s receipt of fair value information is delayed by one quarter.

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

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Assets measured at fair value on a recurring basis, as required by accounting standards, are summarized below (dollars in thousands):

	Recurring			Assets/(Liabilities) at Fair Value
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
Marketable securities	\$13,460	\$--	\$--	\$13,460
Derivative Financial Instruments	--	14	--	14

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

	Non-recurring			Assets/(Liabilities) at Adjusted Carrying Amount (Based on Fair Value)
	Fair Value Measurements Using			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Impaired investments accounted for under the equity method	\$--	\$--	\$12,784	\$12,784
Impaired real estate	--	--	19,224	19,224

During the three and six months ended June 30, 2010, an impairment charge of \$1.3 million was recorded against investments accounted for under the equity method. The Company evaluates its investments in unconsolidated entities 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. The fair value was estimated based upon management's valuation of the underlying real estate assets and debt of the investment. The 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 Company to make significant judgments in respect to market capitalization rates and amounts of estimated future cash flows.

In accordance with the Fair Value Measurements and Disclosures Topic of the Codification, fair value of fixed rate debt held by the Company's investments accounted for under the equity method was determined using available market information and discounted cash flow analyses as of June 30, 2010. The discount rate used in calculating fair value is interest rates currently being offered to the Company 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 inputs into this valuation are considered Level 3 inputs in accordance with Topic 825.

Fair Value of Debt Obligations

The following fair value disclosure was determined by the Company, using available market information and

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

discounted cash flow analyses as of June 30, 2010 and December 31, 2009, respectively in accordance with Topic 820. The Company has elected not to measure any of its eligible financial assets or liabilities at fair value and therefore the adoption of Codification Topic 825, *Financial Instruments* ("Topic 825), did not have an impact on its consolidated financial statements. The only financial assets recorded at fair value as of June 30, 2010 and December 31, 2009 are those required to be fair valued under other accounting standards. Such fair valuation of assets at June 30, 2010 and December 31, 2009 (other than marketable securities), are fair valued on a non-recurring basis, as a result of identified impairments during the applicable period, where such non-recurring fair valuation adjustments have been required to be made, fair valuation has been determined by application of Topic 820. The discount rate used in calculating fair value is the sum of the current risk free rate and the risk premium on the date of acquiring/assuming the instruments/obligations. 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 Company could realize upon disposition. The use of different estimation methodologies may have a material effect on the estimated fair value amounts.

The following are financial instruments for which Company, respectively estimates of fair value differ from carrying amounts (in thousands) as determined by application of Topic 820:

	<u>June 30, 2010</u>		<u>December 31, 2009</u>	
	<u>Carrying</u> <u>Amounts</u>	<u>Fair</u> <u>Value</u>	<u>Carrying</u> <u>Amounts</u>	<u>Fair</u> <u>Value</u>
Mortgages payable	\$321,831	\$396,181	\$344,237	\$384,513
Notes payable	680,010	568,813	680,217	550,229
Credit facilities	469,253	459,250	469,253	449,546

**Note 15: Subsequent Events**

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through August 31, 2010, the date the financial statements were issued. The following events and transactions have occurred through such date that requires disclosure in these financial statements.

*Term Loans*

On July 28, 2010, certain of the Company's subsidiaries entered into loan agreements for an aggregate principal amount of \$659.0 million with a weighted average interest rate of 6.75%. The loans are broken down into seven loans as follows:

- A \$485.0 million secured term loan (the "Secured Term Loan") entered into by certain of the Company's subsidiaries (the "Secured Term Loan Borrowers") with JPMorgan Chase Bank, N.A., as the lender. The Secured Term Loan is collateralized by properties owned by Secured Term Loan Borrowers and has a maturity date of August 1, 2020. The Secured Term Loan bears interest at a rate of 6.268298% per annum.
- A \$44.5 million senior mezzanine loan (the "Senior Mezzanine Loan") entered into certain of the Company's subsidiaries, which are the direct parents of the Secured Term Loan Borrowers (the "Senior Mezzanine Borrowers"), with JPMorgan Chase Bank, N.A., as the lender. The Senior Mezzanine Loan is secured by a pledge of the interests of the Secured Term Loan Borrowers and has a maturity date of August 1, 2020. The Senior Mezzanine Loan bears interest at a rate of 9.00% per annum.
- \$44.5 million junior mezzanine loan (the "Junior Mezzanine Loan") entered into by certain of the Company's subsidiaries, which are the direct parents of the Senior Mezzanine Borrowers (the "Junior Mezzanine Borrowers"), with JPMorgan Chase Bank, N.A., as the lender. The Junior Mezzanine Loan is secured by a pledge of the interests of the Senior Mezzanine Borrowers and has a maturity date of August 1, 2020. The Junior Mezzanine Loan bears interest at a rate of 9.75% per annum.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- Four separate loans for an aggregate amount of \$85.0 million (the “Single Property Secured Term Loans”) entered into by certain subsidiaries of the Company (the “Single Property Secured Term Loan Borrowers”) with JPMorgan Chase Bank, N.A., as the lender for each of the Single Property Secured Term Loans. Each of the Single Property Secured Term Loans is collateralized by the respective property owned by the applicable Single Property Secured Term Loan Borrower and has a maturity date of August 1, 2020. Each of the Single Property Secured Term Loans bears interest at a rate of 6.75% per annum.

Each of the Secured Term Loan, the Senior Mezzanine Loan, the Junior Mezzanine Loan and the Single Property Secured Term Loans (collectively, the “Term Loans”) contains various representations, warranties and covenants customary for financings of this type, including, among others, mandatory prepayment upon the occurrence of certain events.

Each of the Term Loans contains customary defaults, including, among others: the nonpayment of interest or principal of the loan; failure to observe or perform covenants under any loan document; bankruptcy or insolvency; and certain judgments and decrees.

Pursuant to a certain Guaranty, Senior Mezzanine Guaranty or Junior Mezzanine Guaranty, as applicable (collectively, the “Guaranties”), in each case, dated as of July 28, 2010 and executed by the Company, as guarantor, in favor of JPMorgan Chase Bank, N.A., as lender, in respect of each of the Secured Term Loan, the Senior Mezzanine Loan, the Junior Mezzanine Loan and the Single Property Secured Term Loans, the Company guaranteed the payment of certain amounts that may become due from the borrowers under such loans as a result of the carveouts from the non-recourse liability of such borrowers set forth in the respective loan agreements evidencing the loans.

Proceeds from these loans were utilized to repay approximately \$469.3 million of the Company’s debt which had been scheduled to mature on or before December 31, 2010 including:

- The Amended July 2007 Facility of which \$305.6 million was outstanding;
- A \$108.7 million secured term loan; and
- A \$55.0 million secured term loan.

A portion of the remaining proceeds from the Term Loans was used to repay a \$103.4 million REMIC loan due June 1, 2028, and two additional mortgage loans with a total of \$7.5 million outstanding as of June 30, 2010, with the remainder to be used to fund closing costs and address future debt maturities within the Company.

#### *Extension of Super Bridge Loan*

On July 28, 2010, Super LLC entered into an amendment to the Super Bridge Loan with JPMorgan Chase Bank, N.A., as administrative agent. Proceeds from the Term Loans were used to repay \$25.0 million of the outstanding balance leaving an approximate outstanding balance of \$1.68 billion. The maturity date has been extended to December 31, 2011 and the applicable margin of 1.75% remains unchanged from the previously negotiated applicable margin. The Company is not an obligor under the Super Bridge Loan however, certain of the Company’s assets in an aggregate amount of \$124.4 million were pledged as additional collateral in connection with the amendment and the Company and the direct owners of such assets also entered into a guaranty for the payment of up to \$100.0 million of the Super Bridge Loan. In addition, pursuant to the amendment, the Company may incur additional indebtedness from refinancing of mortgage debt without the consent of the lenders under the Super Bridge Loan if, if certain conditions are satisfied relative to, among other things, debt yield and loan maturity. Also, pursuant to the amendment, the Company may incur mortgage indebtedness secured by the Company’s unencumbered properties without the consent of the lenders under the Super Bridge Loan if certain conditions are satisfied relative to, among other things, use of proceeds and loan maturity.

#### *Extension of Residual Credit Facility*

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On July 28, 2010, certain subsidiaries of the Residual Joint Venture, entered into an amendment to the Residual Credit Facility with JPMorgan Chase Bank, N.A. (as agent and a lender) and the other lenders party thereto, pursuant to which borrowing on the facility was capped at \$352.5 million. The maturity date has been extended to December 31, 2011 and the applicable margin of 3.75% remains unchanged from the previously negotiated applicable margin. The Company is not an obligor under the Residual Credit Facility.

#### *Amendment to Residual Joint Venture Operating Agreement*

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

#### *Extension of Preston Ridge Facility*

On July 28, 2010, BPR LLC entered into an amendment to the Amended and Restated Preston Ridge Facility with JPMorgan Chase Bank, N.A. (as agent and a lender) and the other lenders party thereto, which, among other things, extended the maturity date to December 31, 2011. The applicable margin under the Amended and Restated Preston Ridge Facility remained unchanged. The Amended and Restated Preston Ridge Facility has an outstanding balance of \$105.0 million and no additional amounts may be drawn. The Company is not an obligor under the Amended and Restated Preston Ridge Facility.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion should be read in conjunction with the Consolidated Financial Statements and the accompanying notes thereto. Historical results and percentage relationships set forth in the Consolidated Statements of Operations and Comprehensive Income/(Loss) contained in the Consolidated Financial Statements and accompanying notes, including trends which might appear, should not be taken as indicative of future operations.

We intend to continue to file with the Trustee any annual reports, quarterly reports and other documents that we are required to file with the Trustee to the extent required under the Indentures governing the Notes. In addition, we will file such annual reports, quarterly reports and other documents on the website of our affiliate at [www.centroprop.com](http://www.centroprop.com) pursuant to the 1995 Indenture.

All references to "we," "us," "our," "ours," or the "Company" in this report refer to Centro NP LLC and its wholly-owned and majority owned subsidiaries and consolidated entities.

There is substantial doubt about our ability to continue as a going concern given that our liquidity is subject to, among other things, our reliance upon funding provided by an entity that we do not control; current restrictions upon our ability to incur further indebtedness and the existence of restrictions upon operations which increase the risk of default of existing debt. In addition, uncertainty also exists due to the liquidity issues currently experienced by our parent and the ultimate parent investors, CPL and CPT.

The half yearly financial statements of our ultimate parents, CPL and CPT, which were lodged with Australian regulatory bodies on February 25, 2010, identified significant uncertainty (equivalent to substantial doubt) about those entities' ability to continue as a going concern.

In August 2007, we formed the Residual Joint Venture, which is a joint venture between us and Super LLC whereby we own 49% of the non-managing member interest in the Residual Joint Venture and Super LLC owns 51% of the managing member interest in the Residual Joint Venture. In connection with the formation of the joint venture and with subsequent contributions, including contributions made during 2009, we have contributed 49% of our interest in certain subsidiaries, owning 122 real properties with an approximate fair market value of \$2.3 billion, to this joint venture. We distributed the remaining 51% of our interest in the transferred entities to our parent, Super LLC, and Super LLC contributed such interest in the transferred entities to this joint venture. Following these transactions, we owned 49% of the non-managing interest in the Residual Joint Venture, and Super LLC owned 51% of the managing member interest in The Residual Joint Venture.

In accordance with Topic 360, the results of operations of properties that have been disposed of (by sale, by abandonment, or in a distribution to owners) or classified as held for sale must be classified as discontinued operations and segregated in our Consolidated Statements of Operations and Comprehensive Income (Loss). Therefore, results of operations from prior periods have been retrospectively adjusted to reflect the current pool of disposed of or held for sale assets.

### **Results of operations for the three months ended June 30, 2010 and 2009**

#### *Rental Revenues*

Rental income was \$54.7 million for the three months ended June 30, 2010 and \$55.3 million for the three months ended June 30, 2009. The following significant factors caused material changes in rental income:

- Net increases in rental rates and straight-line rent adjustments, which increased rental income by approximately \$0.7 million
- Decreased amortization of below market leases, which decreased rental income by approximately \$1.5 million

### *Operating Expenses*

Operating costs were \$14.8 million for the three months ended June 30, 2010 and \$15.9 million for the three months ended June 30, 2009. The following significant factor caused a material change in operating costs:

- Decreased insurance costs, attributable to lower claims in our wholly-owned captive insurance company, which decreased operating costs by approximately \$0.7 million

General and administrative expenses were \$(2.0) million for the three months ended June 30, 2010 and \$5.3 million for the three months ended June 30, 2009. The following significant factors caused material changes in general and administrative expenses:

- Decreased federal tax provisions, primarily attributable to NOL carryback benefits, which decreased general and administrative expenses by approximately \$4.9 million
- Decreased consulting fees, which decreased general and administrative expenses by approximately \$0.9 million
- Decreased fees for tax related services, which decreased general and administrative expenses by approximately \$0.9 million

### *Other Income and Expenses*

Interest, dividend and other income was \$1.0 million for the three months ended June 30, 2010 and \$10.0 million for the three months ended June 30, 2009. The following significant factor caused a material change in interest, dividend and other income:

- The Tender Offer, whereby \$121.6 million of the 2009 Notes were repaid and retired, which generated approximately \$8.5 million of early extinguishment of debt income during the quarter ended June 30, 2009. Such income did not recur in 2010.

Equity in income (loss) of unconsolidated ventures was \$0.2 million for the three months ended June 30, 2010 and approximately \$5.2 million for the three months ended June 30, 2009. The following significant factor caused a material change in the equity in income (loss) of unconsolidated ventures:

- The Residual Joint Venture, which decreased equity in income (loss) of unconsolidated ventures by approximately \$5.7 million

Interest expense was \$19.3 million for the three months ended June 30, 2010 and \$20.6 million for the three months ended June 30, 2009. The following significant factor caused a material change in interest expense:

- The payoff of certain mortgages, which decreased interest expense by approximately \$1.0 million

## **Results of operations for the six months ended June 30, 2010 and 2009**

### *Rental Revenues*

Rental income was \$110.7 million for the six months ended June 30, 2010 and \$116.5 million for the six months ended June 30, 2009. The following significant factors caused material changes in rental income:

- The Residual Joint Venture, which decreased rental income by approximately \$2.9 million
- Net increases in rental rates and straight-line rent adjustments, which increased rental income by approximately \$1.7 million
- Decreased amortization of below market leases, which decreased rental income by approximately \$4.6 million

### *Operating Expenses*

Operating costs were \$27.1 million for the six months ended June 30, 2010 and \$32.2 million for the six months ended June 30, 2009. The following significant factors caused material changes in operating costs:

- The Residual Joint Venture, which decreased operating costs by approximately \$0.7 million
- Decreased insurance costs, attributable to lower claims in our wholly-owned captive insurance company, which decreased operating costs by approximately \$1.5 million
- Lower snow removal costs, parking expenses and other miscellaneous expenses, which decreased operating costs by approximately \$2.3 million

Depreciation and amortization was \$57.4 million for the six months ended June 30, 2010 and \$62.5 million for the six months ended June 30, 2009. The following significant factors caused material changes in depreciation and amortization:

- The Residual Joint Venture, which decreased depreciation and amortization by approximately \$2.4 million
- A decrease in the number of tenants exiting leases prior to lease expiration, which decreased depreciation and amortization by approximately \$10.0 million
- Capital expenditures, which increased depreciation and amortization by approximately \$7.1 million

General and administrative expenses were \$4.1 million for the six months ended June 30, 2010 and \$9.1 million for the six months ended June 30, 2009. The following significant factors caused material changes in general and administrative expenses:

- Decreased federal tax provisions, primarily attributable to NOL carryback benefits, which decreased general and administrative expenses by approximately \$1.8 million
- Decreased consulting fees, which decreased general and administrative expenses by approximately \$0.9 million
- Decreased fees for tax related services, which decreased general and administrative expenses by approximately \$1.0 million

### *Other Income and Expenses*

Interest, dividend and other income was \$2.0 million for the six months ended June 30, 2010 and \$11.1 million for the six months ended June 30, 2009. The following significant factor caused a material change in interest, dividend and other income:

- The Tender Offer, whereby \$121.6 million of the 2009 Notes were repaid and retired, which generated approximately \$8.5 million of early extinguishment of debt income during the quarter ended June 30, 2009. Such income did not recur in 2010.

Interest expense was \$37.8 million for the six months ended June 30, 2010 and \$42.7 million for the six months ended June 30, 2009. The following significant factors caused material changes in interest expense:

- The Tender Offer, whereby \$121.6 million of the 2009 Notes were repaid and retired, which decreased interest expense by approximately \$5.0 million
- The payoff of certain mortgages, which decreased interest expense by approximately \$2.1 million

- Decreased levels of capital spending, which lowered the amount of capitalized interest taken, and thereby increased interest expense by approximately \$2.8 million

## **Liquidity and Capital Resources**

As of June 30, 2010, we had approximately \$91.8 million in available cash, cash equivalents and marketable securities. However, previously prohibited from incurring any additional debt due to restrictions under the 1995 Indenture, following amendments to the 1995 Indenture effected in the Consent Solicitation and an amendment to the Super Bridge Loan effected on July 28, 2010, we are now permitted to incur certain incremental debt with the consent of the lenders under the Super Bridge Loan and refinance our existing mortgage debt without the consent of the lenders under the Super Bridge Loan if, certain conditions are satisfied relative to, among other things, debt yield and loan maturity. Also, pursuant to the amendment to the Super Bridge Loan, the Company may incur mortgage indebtedness secured by the Company's unencumbered properties without the consent of the lenders under the Super Bridge Loan if certain conditions are satisfied relative to, among other things, use of proceeds and loan maturity. Refer to discussion below.

### *Short-Term Liquidity Needs*

In addition to short-term indebtedness, our short-term liquidity requirements consist primarily of funds necessary to pay for management fees, operating and other expenses directly associated with our portfolio of properties, interest expense and scheduled principal payments on our outstanding debt, capital expenditures incurred to facilitate the leasing of space (e.g., tenant improvements and leasing commissions), and capital expenditures incurred in our development and redevelopment projects. As of June 30, 2010, we had an aggregate of \$56.0 million of mortgage debt maturities and \$3.3 million of scheduled mortgage amortization payments for the remaining six months of 2010. Additionally, as of June 30, 2010, we had \$305.6 million under our Amended July 2007 Facility and \$163.7 million under four secured term loan agreements scheduled to mature on December 31, 2010. However, proceeds from the Term Loans entered into on July 28, 2010 were used to repay the \$306.5 million under our Amended July 2007 Facility, the \$163.7 million under the four secured term loan agreements scheduled to mature on December 31, 2010 and \$103.4 million mortgage debt. Although we have historically met our short-term liquidity requirements with cash generated from operations and borrowings under credit facilities, we presently do not have a credit facility to draw from. We are no longer prohibited from incurring additional indebtedness after amendments to the 1995 Indenture effected in the Consent Solicitation removed such restriction, but capped our ability to incur debt through April 15, 2011 at \$1.9 billion. However, due to restrictions contained in the Super Bridge Loan, we are restricted from incurring additional indebtedness without the consent of the lenders under the Super Bridge Loan except with respect to trade and operational debt incurred in the ordinary course of business, non-recourse guarantees of mortgage debt, debt in connection with capital expenditures, capital improvements, tenant improvements, tenant allowances and other similar expenses in the ordinary course of business and, refinancing mortgage debt, provided that any excess proceeds of such refinanced debt are allocated pursuant to the terms of the Super Bridge Loan. As of July 28, 2010, the Company may incur additional indebtedness from refinancing of mortgage debt without the consent of the lenders under the Super Bridge Loan if, certain conditions are satisfied relative to, among other things, use of proceeds and loan maturity. In addition, as of July 28, 2010, the Company may incur mortgage indebtedness secured by the Company's unencumbered properties without the consent of the lenders under the Super Bridge Loan if certain conditions are satisfied relative to, among other things, use of proceeds and loan maturity. In addition to these exceptions, we are limited to certain asset sale proceeds and operating cash flow to meet our short-term liquidity requirements. In addition, there are certain factors that may have a material adverse effect on our cash flow from operations which would further constrain our ability to satisfy our short-term liquidity requirements.

Refer to Note 7 to the Consolidated Financial Statements for details relating to the total short term debt as of June 30, 2010.

We derive substantially all of our revenue from tenants under existing leases at our properties. Therefore, our operating cash flow is dependent on the rents that we are able to charge to our tenants, and the ability of these tenants to make their rental payments. We believe that the nature of the properties in which we typically invest – primarily community and neighborhood shopping centers – provides a more stable revenue flow in uncertain economic times because, even in difficult economic times, consumers still need to purchase basic living essentials such as food and soft goods. However, there has been a general economic downturn in the market in which we own properties, which has adversely impacted the ability of our tenants to make rental payments and our ability to re-lease space on favorable terms as leases expire. As a result of these factors, our cash flow has been adversely affected.

In some cases, we have invested as a co-venturer or partner in the development or redevelopment of new properties, instead of developing projects directly. We have also agreed to contribute our pro rata share of any additional capital that may be required by our joint ventures, which pro rata share is not expected to be material. We are limited to financing any capital requirements from distributions received from the Residual Joint Venture, equity contributions from Super LLC that are funded from distributions from the Residual Joint Venture, certain asset sale proceeds and operating cash flow and proceeds from refinancing of mortgage debt or financing of mortgage indebtedness secured by currently unencumbered properties, subject to certain limits pursuant to the terms of the Super Bridge Loan. If we are unable to negotiate new liquidity facilities or negotiate the ability to incur additional indebtedness free from current restrictions imposed by certain debt agreements, we may be unable to finance these joint venture obligations.

Our current redevelopment pipeline in our consolidated portfolio is comprised of four projects, the aggregate cost of which, including costs incurred in prior years on these projects, is expected to be approximately \$90.2 million. Currently, there are no outparcel developments in the pipeline for our consolidated portfolio. During the three and six months ended June 30, 2010, we completed one redevelopment project, the aggregate cost of which, including costs incurred in prior years on the project, was approximately \$13.4 million. Additionally, during the three and six months ended June 30, 2010, we completed two development projects, the aggregate cost of which, including costs incurred in prior years on the projects, was approximately \$74.5 million. At this time, we do not plan to enter into any future development projects.

We also redevelop properties in our joint venture portfolios. During the three and six months ended June 30, 2010, our joint venture portfolios completed two and three redevelopment projects, respectively, the aggregate cost of which, including costs incurred in prior years on the projects, was approximately \$9.4 million and \$16.9 million, respectively, of which our pro rata share was approximately \$1.1 million and \$2.6 million, respectively. Our current joint venture redevelopment pipeline is comprised of three projects, the aggregate cost of which, including costs incurred in prior years, is expected to be approximately \$22.9 million, of which our pro rata share will be approximately \$3.0 million. Currently, there are no outparcel developments in the pipeline for our joint venture portfolios. We are limited to financing any redevelopment costs from distributions received from the Residual Joint Venture, equity contributions from Super LLC that are funded from distributions from the Residual Joint Venture, certain asset sale proceeds, operating cash flow and, proceeds from refinancing of mortgage debt or financing of mortgage indebtedness secured by currently unencumbered properties, subject to certain limits pursuant to the terms of the Super Bridge Loan. If we are unable to negotiate new liquidity facilities or negotiate the ability to incur additional indebtedness free from current restrictions imposed by certain debt agreements, we may be unable to finance further development and redevelopment in our joint venture portfolios.

We regularly incur significant expenditures in connection with the re-leasing of our retail space, principally in the form of tenant improvements and leasing commissions. The amounts of these expenditures can vary significantly, depending on negotiations with tenants and the willingness of tenants to pay higher base rents over the lives of the leases. We are limited to financing any capital expenditures from certain asset sale proceeds and operating cash flow and debt in connection with capital expenditures, capital improvements, tenant improvements, tenant allowances and other similar expenses incurred in the ordinary course of business. If we are unable to negotiate new liquidity facilities or negotiate the ability to incur additional indebtedness free from current restrictions imposed by certain debt agreements, we may be unable to further finance these tenant improvements and leasing commissions.

Previously prohibited from incurring any additional debt due to restrictions under the 1995 Indenture, following such amendments to the 1995 Indenture effected in the Consent Solicitation, we are now permitted to refinance our existing indebtedness and incur certain incremental debt, limited to an aggregate of \$1.9 billion through April 15, 2011, with the consent of the lenders under the Super Bridge Loan. We are limited to financing any redevelopment projects with certain distributions received from the Residual Joint Venture, equity contributions from Super LLC that are funded from distributions from the Residual Joint Venture, asset sale proceeds, operating cash flow and proceeds from refinancing of mortgage debt or financing of mortgage indebtedness secured by currently unencumbered properties, subject to certain limits pursuant to the terms of the Super Bridge Loan. If we are unable to negotiate new liquidity facilities or negotiate the ability to incur additional indebtedness free from current restriction imposed by certain debt agreements, we may be unable to finance redevelopment costs. In addition, due to financing constraints of our Australian parents, it is unlikely that they will be able to make additional equity contributions to alleviate any short-term liquidity issues we may encounter.

### *Long-Term Liquidity Needs*

Our long-term liquidity requirements consist primarily of funds necessary to pay for the principal amount of our long-term debt as it matures significant non-recurring capital expenditures that need to be made periodically at our properties and redevelopment or development projects that we undertake at our properties. Until such time as we are able and permitted to put in place an appropriate liquidity facility, raise additional capital or negotiate the ability to incur additional indebtedness free from current restrictions imposed by certain debt agreements, we do not presently have access to the capital necessary to satisfy these long-term liquidity requirements.

Our ability to incur additional debt is dependent upon a number of factors, including our degree of leverage, the value of our unencumbered assets, our credit rating and borrowing restrictions and covenants imposed by existing lenders. In connection with our refinancing difficulties, our credit ratings are all below investment grade. Standard & Poor's current rating is CCC+; outlook negative. Fitch's current rating is CCC. Moody's current rating is Caa2; negative outlook. There may be additional reductions in our ratings depending on our operating performance. As a result of our credit ratings, the terms of any financings we enter into in the future, as well as our ability to secure any such financings, may be adversely affected.

Although on July 28, 2010 we were able to obtain extensions of short-term debt to December 31, 2011 that was due to expire on December 31, 2010, we are still working to reduce the level of our long-term debt to address our liquidity issues.

We are also working on plans to restructure and/or refinance our long-term debt, including the debt that was extended to December 31, 2011. Our ability to do so is restricted by the factors listed above, as well as also being impacted by the current and future condition of the credit market and also the current and future condition of the US retail real estate market.

We have selectively effected asset sales to generate cash proceeds. During 2009, we generated approximately \$43.4 million in gross proceeds through the disposal of non-core and non-strategic properties and approximately \$26.9 million from the disposition of certain properties and land parcels held through joint ventures. Our ability to generate cash from asset sales is limited by market conditions. Our ability to sell properties in the future in order to raise cash will necessarily be limited if market conditions make such sales unattractive. Our ability to sell assets will also be restricted by certain covenants included in the Indentures.

The following table summarizes all of our known contractual cash obligations, excluding interest, to pay third parties as of June 30, 2010 (based on a calendar year, dollars in thousands):

<b><u>Contractual Cash Obligations</u></b>	<b><u>Total</u></b>	<b><u>Less than 1 year</u></b>	<b><u>1 - 3 Years</u></b>	<b><u>3 - 5 Years</u></b>	<b><u>More than 5 years</u></b>
Debt <sup>(1)</sup>	\$1,471,094	\$528,740	\$319,434	\$111,783	\$511,137
Capital Lease Obligations	29,260	356	1,536	1,730	25,638
Operating Leases <sup>(2)</sup>	<u>17,432</u>	<u>426</u>	<u>1,747</u>	<u>1,747</u>	<u>13,512</u>
Total	<u>\$1,517,786</u>	<u>\$529,522</u>	<u>\$322,717</u>	<u>\$115,260</u>	<u>\$550,287</u>

<sup>(1)</sup> Debt includes scheduled amortization and scheduled maturities for mortgage loans, notes payable and credit facilities.

<sup>(2)</sup> Operating leases include ground leases for shopping centers that we operate and our administrative office space.

As of July 28, 2010, proceeds from the Term Loans were used to refinance certain indebtedness, including the amount maturing under our Amended July 2007 Facility, as well as certain mortgages and scheduled amortization.

The following table summarizes certain terms of our existing credit agreements as of June 30, 2010 (dollars in thousands):

<u>Loan</u>	<u>Amount Available to be Drawn</u>	<u>Amount Drawn as of June 30, 2010</u>	<u>Current Interest Rate</u> <sup>(1)</sup>	<u>Maturity Date</u>
Amended July 2007 Facility <sup>(2)</sup>	\$ --	\$305,553	LIBOR plus 175 bp	2010
Secured Term Loans <sup>(3)</sup>	--	<u>163,700</u>	Variable <sup>(4)</sup>	2010
Total Credit Agreements	<u>\$ --</u>	<u>\$469,253</u>		

(1) We incur interest using a 30-day LIBOR rate, which was 0.34844% at June 30, 2010.

(2) We are presently (and were as of June 30, 2010) unable to make draws on our Amended July 2007 Facility. Under the terms of the Amended July 2007 Facility, we incur an annual facility fee of 22.5 basis points on this facility. The Amended July 2007 Facility was scheduled to mature on December 31, 2010. Proceeds from the Term Loans were used to repay the Amended July 2007 Facility as of July 28, 2010. See note 15-Subsequent Events for further information.

(3) Proceeds from the Term Loans were used to repay these secured term loans as of July 28, 2010. See note 15-Subsequent Events for further information.

(4) We incur interest using a 30-day LIBOR rate, which was 0.34844% at June 30, 2010, plus spreads ranging from 135 to 175 basis points.

In connection with the Supplement to the Amended July 2007 Facility, we are no longer permitted to make draws under our Amended July 2007 Facility. In addition, the Amended July 2007 Facility requires that we maintain certain financial coverage ratios and other debt covenants. These coverage ratios and debt covenants include:

- Total debt to total adjusted assets of no more than 65%;
- Total secured debt to total adjusted assets of no more than 40%;
- Unencumbered total asset value not to be less than 100% of the aggregate principal amount of all of our outstanding unsecured debt; and
- Consolidated income available for debt service of at least 1.5 times the maximum annual service charge on total debt.

As of June 30, 2010, we had approximately \$680.0 million of indebtedness outstanding, excluding the impact of unamortized premiums, under the Indentures, having a weighted average interest rate of 5.5%. The Indentures also contain covenants that require us to maintain certain financial coverage ratios.

In addition to our Amended July 2007 Facility, secured term loans and Indentures, as of June 30, 2010, we had approximately \$321.8 million of mortgage debt outstanding, excluding the impact of unamortized premiums, having a weighted average interest rate of 8.8% per annum. It should be noted that as of June 30, 2010, the Super Bridge Loan (totaling \$1.7 billion) of our parent, Super LLC is, collateralized over Super LLC's 100% membership interest in us. It is also collateralized by certain assets held by the Residual Joint Venture.

Resolution of our liquidity issues may be, in part, achieved through asset sales. If we are required to dispose of real estate assets quickly and in a manner other than normal fashion to assist with our liquidity position, it is possible that these real estate assets would be sold at an accounting loss. Additionally, our ability to sell real estate assets is restricted by a loan-to-asset covenant ratio as contained in the Indentures.

In terms of potential equity investments, our ultimate parent investors are unlikely to make any equity contributions into us to assist with our liquidity position due to the liquidity issues currently being dealt with by those entities.

### **Off-Balance Sheet Arrangements**

We have made commitments to provide funds to unconsolidated joint ventures under certain circumstances. The liabilities associated with these joint ventures do not show up as liabilities on our Consolidated Financial Statements.

The following is a brief summary of the unconsolidated joint venture obligations that we have as of June 30, 2010, and to which we expect to make additional capital contributions:

- *Centro GA America LLC*. We have a 5% interest in this joint venture. Under the terms of this joint venture, we are not obligated to contribute any additional capital to the venture; however, in

the event that additional capital is contributed by our joint venture partner, we have the option to contribute the amount necessary to maintain our 5% ownership interest. We do not anticipate that we would make additional capital contributions should such be necessary in order to maintain our 5% ownership interest. As of June 30, 2010, the joint venture was comprised of 98 stabilized retail assets and two retail properties under redevelopment, and had loans outstanding of approximately \$927.7 million. As of June 30, 2010, the book value of our investment in Centro GA America LLC was approximately \$17.0 million.

- *NP/I&G Institutional Retail Company, LLC.* We have a joint venture with JPMorgan Investment Management Inc. to acquire high-quality institutional grade community and neighborhood shopping centers on a nationwide basis. The joint venture owned nine stabilized retail properties as of June 30, 2010. Under the terms of this joint venture, we have a 20% interest in the venture and are responsible for contributing our pro rata share of any capital that might be required by the joint venture. The joint venture had loans outstanding of approximately \$188.6 million as of June 30, 2010. As of June 30, 2010, the book value of our investment in NP/I&G Institutional Retail Company, LLC was approximately \$21.0 million.
- *NP / I&G Institutional Retail Company II, LLC.* We have a second joint venture with JP Morgan Investment Management Inc. to acquire high-quality institutional grade community and neighborhood shopping centers on a nationwide basis. Under the terms of this joint venture, we have a 20% interest in the venture and have committed to contribute our pro rata share of any capital required by the venture for asset acquisitions. As of June 30, 2010, we had contributed approximately \$14.7 million. Additionally, we have agreed to contribute our pro rata share of any additional capital that might be required by the joint venture; however, we do not expect that any significant additional capital contributions will be required. As of June 30, 2010, the joint venture owned two stabilized retail properties. The joint venture had loans outstanding of approximately \$36.7 million as of June 30, 2010. As of June 30, 2010, the book value of our investment in NP / I&G Institutional Retail Company II, LLC was approximately \$6.7 million.
- *NPK Redevelopment I, LLC.* We have a joint venture with Kmart Corporation (Sears Holding Corp.) pursuant to which the joint venture has redeveloped two Kmart Supercenter properties and owns a third property, all of which were formerly owned by Kmart. Under the terms of this joint venture, we have agreed to contribute \$6.0 million, which had been fully contributed as of June 30, 2010. We have a 20% interest in the venture and are responsible for contributing our pro rata share of any additional capital that might be required by the joint venture. During the year ended December 31, 2009, we provided a loan to the joint venture of approximately \$5.6 million with an interest rate of 7.5% per annum, compounding monthly. As of June 30, 2010, the amount outstanding under this loan was \$5.6 million. As of June 30, 2010, the book value of our investment in NPK Redevelopment I, LLC was approximately \$4.1 million.

In addition, the following is a brief summary of the other unconsolidated joint venture obligations that we have as of June 30, 2010. Although we have agreed to contribute certain amounts of capital that may be required by these joint ventures, as more fully described below, we do not expect that any significant capital contributions to the following joint ventures will be required.

- *Arapahoe Crossings, L.P.* We, together with a U.S. partnership comprised substantially of foreign investors, have an interest in a joint venture which owns Arapahoe Crossings, a community shopping center located in Aurora, Colorado. Under the terms of this joint venture, we have a 30% interest and we have agreed to contribute our pro rata share of any capital that might be required by the joint venture. The joint venture had loans outstanding of approximately \$44.9 million as of June 30, 2010. As of June 30, 2010, the book value of our investment in Arapahoe Crossings, L.P. was approximately \$8.5 million.
- *BPR Land Partnership, L.P.* We have a 50% interest in a joint venture that owns approximately 11.1 acres of undeveloped land in Frisco, Texas. Under the terms of this joint venture, we have agreed to contribute our pro rata share of any capital that might be required by the joint venture. The joint venture had no loans outstanding as of June 30, 2010. As of June 30, 2010, the book value of our investment in BPR Land Partnership, L.P. was approximately \$4.1 million.
- *BPR South, L.P.* We have a 50% interest in a joint venture that owns approximately 5.2 acres of undeveloped land in Frisco, Texas. Under the terms of this joint venture, we have agreed to contribute our pro rata share of any capital that might be required by the joint venture. The joint

venture had no loans outstanding as of June 30, 2010. As of June 30, 2010, the book value of our investment in BPR South, L.P. was approximately \$1.4 million.

- *Centro NP Residual Holding LLC.* In August 2007, we formed a joint venture with Super LLC, our sole and managing member. As of June 30, 2010, we had contributed 49% of our interest in certain subsidiaries, owning 122 real properties with an approximate value of \$2.3 billion, to this joint venture. We distributed the remaining 51% of our interest in the transferred entities to our parent, Super LLC, and Super LLC contributed such interest in the transferred entities to this joint venture. Following these transactions, we owned 49% of the non-managing interest in this joint venture, and Super LLC owned 51% of the managing member interest in this joint venture. In November 2007, Super LLC had contributed its interest in certain subsidiaries, owning 39 real properties with an approximate value of \$385.0 million, to this joint venture. Immediately following such contribution, Super LLC contributed a percentage of membership interests in the joint venture such that we continued to own 49% of the non-managing interest in this joint venture, and Super LLC continued to own 51% of the managing member interest in this joint venture. On July 28, 2010, the Company and Super LLC entered into an amendment to the Residual Joint Venture operating agreement whereby the Company was allocated (a) a preferred distribution of up to \$162,925,000 received from (i) the net proceeds from the sale or transfer of any properties securing the Residual Credit Facility (after the repayment of the Residual Credit Facility) or (ii) refinancing proceeds from any properties securing the Residual Credit Facility in excess of amounts necessary to repay the Residual Credit Facility and fees, costs and expenses associated with such refinancing and (b) a preferred distribution of up to an aggregate amount of \$336 million received from (i) the net proceeds from the sale or transfer of any assets of the Residual Joint Venture or (ii) refinancing proceeds from any assets of the Residual Joint Venture in excess of amounts necessary to repay existing debt on such assets and fees, costs and expenses associated with such refinancing.

The joint venture owned 160 stabilized retail properties and one property under redevelopment as of June 30, 2010. Under the terms of the joint venture, we are not obligated to contribute any additional capital to the joint venture. The joint venture had loans outstanding of approximately \$1.7 billion as of June 30, 2010. As of June 30, 2010, the book value of our investment in Centro NP Residual Holding LLC was approximately \$442.5 million.

We have been informed by the Residual Joint Venture that it is currently contemplating a strategic transaction with a material portion of its assets. Such transaction may include a sale of such assets, a joint venture with a third party or some other form of transaction. If the Residual Joint Venture were to complete a strategic transaction, the proceeds would likely be used to repay indebtedness of the Residual Joint Venture and there may be an adverse affect on our carrying value of our interest in the Residual Joint Venture and our cash flows from our interest therein. Management does not believe that either of these effects will have a material adverse effect on the operations of the Company.

- *NP/SSP Baybrook, LLC.* We have a third joint venture with JP Morgan Investment Management Inc., which venture was formed for the specific purpose of acquiring Baybrook Gateway, a shopping center located in Webster, Texas. Under the terms of this joint venture, we have a 20% interest in the venture and are responsible for contributing our pro rata share of any capital that might be required by the joint venture. The joint venture had loans outstanding of approximately \$41.0 million as of June 30, 2010. As of June 30, 2010, the book value of our investment in NP/SSP Baybrook, LLC was approximately \$0.3 million.
- *Westgate Mall, LLC.* We, together with Transwestern Investment Company and The Richard E. Jacobs Group, have an interest in a joint venture that was formed for the specific purpose of acquiring and redeveloping Westgate Mall, an enclosed mall located on 55 acres of land in Fairview Park, Ohio. The joint venture has redeveloped the mall into a large community shopping center. Under the terms of this joint venture, we have a 10% interest in the venture and have agreed to contribute our pro rata share of any capital that might be required by the joint venture. The joint venture had loans outstanding of approximately \$61.6 million as of June 30, 2010. As of June 30, 2010, the book value of our investment in Westgate Mall, LLC was zero as the investment was fully impaired.

### Other Funding Obligations

In addition to the joint venture obligations described above, we also had the following contingent contractual obligations as of June 30, 2010, none of which we believe will materially adversely affect us:

- *Letters of Credit.* We have arranged for the provision of five separate letters of credit in connection with certain property or insurance related matters. If these letters of credit are drawn, we will be obligated to reimburse the providing bank for the amount of the draw. As of June 30, 2010, there was no balance outstanding under any of the letters of credit. If the letters of credit were fully drawn, the combined maximum amount of exposure would be approximately \$7.6 million. The expiration of these letters of credit may be automatically extended pursuant to the terms of the Amended July 2007 Facility and Bank of America, as the issuing bank under these letters of credit, has agreed not to prevent the automatic extension of such letters of credit.
- *Non-Recourse and Other Debt Guarantees.* Under certain of our non-recourse loans and those of our joint ventures, we could, under certain circumstances, be responsible for portions of the mortgage indebtedness in connection with certain customary non-recourse carve out provisions such as environmental conditions, misuse of funds and material misrepresentations. As of June 30, 2010, we had mortgage loans and secured term loans outstanding of approximately \$485.5 million, excluding the impact of unamortized premiums, and our unconsolidated joint ventures had loans outstanding of approximately \$3.0 billion. In addition, we have guaranteed certain construction and other obligations relative to certain joint venture development projects; however we do not expect that our obligations under such guarantees will be material if called upon.
- *Leasing Commitments.* We have entered into leases, as lessee, in connection with ground leases for shopping centers which we operate and our administrative office space. These leases are accounted for as operating leases. The minimum annual rental commitments for these leases during the next five fiscal years and thereafter are approximately as follows (dollars in thousands):

Year	
2010 (remaining six months)	\$426
2011	857
2012	890
2013	894
2014	853
Thereafter	13,512

- *Redemption Rights.* The DownREIT Partnership entered into the ERP Redemption Agreements in June 2008 with twelve limited partners with respect to the redemption of each limited partner's outstanding Class A Preferred Units for an aggregate amount of \$44.9 million of which \$9.4 million remained outstanding as of December 31, 2008 (the "DownREIT Partnership Redemption Obligation"). On August 29, 2008, one of the limited partners party to an ERP Redemption Agreement entered into an agreement with the DownREIT Partnership revoking the redemption of its remaining Class A Preferred Units and electing to retain such units. On September 12, 2008, November 25, 2008 and December 12, 2008, the DownREIT Partnership entered into amendments to the ERP Redemption Agreements with the remaining eleven limited partners which provided for, among other things, an extension of the redemption date of the DownREIT Partnership Redemption Obligation to January 15, 2009. Additionally, on November 11, 2008, another Class A Preferred Unit Holder (separate to the previously discussed twelve limited partners that had made a redemption election) elected to redeem substantially all of its Class A Preferred Units. Such units were redeemed in exchange for the fee interest in a property. As of June 30, 2010, no other limited partners with Class A Preferred Units have made a redemption election. Such redemption election may be made at any time and we are required to make such redemption on the second to last business day of the quarter in which such election is made, provided that we receive the redemption election at least ten business days prior to such date.

On January 15, 2009, we paid in full the DownREIT Partnership Redemption Obligation using proceeds from distributions from the Residual Joint Venture that were funded with borrowings from the Residual Credit Facility.

On November 18, 2009, the DownREIT Partnership entered into an agreement with two limited partners redeeming 90,000 Class A Preferred Units, which constituted all outstanding Class A Preferred Units of one limited partner and a portion of the other limited partner's outstanding Class A Preferred Units, for an aggregate amount of \$3.0 million. In connection with the agreement, the limited partner with remaining outstanding Class A Preferred Units agreed to refrain from exercising its redemption right with respect to its remaining outstanding Class A Preferred Units for a period of five years subject to certain conditions.

We are not presently involved in any material litigation arising outside the ordinary course of its business. However, we are involved in routine litigation arising in the ordinary course of business, none of which is believed to be material in light of our reserves for such matters. In connection with a specific tenant litigation, we maintain an aggregate reserve of approximately \$4.3 million as of June 30, 2010. Given the current status of the tenant litigation, we believe that any loss in excess of the established reserve would be immaterial.

For a discussion of other factors which may adversely affect our liquidity and capital resources, please see the section titled "Risk Factors" of this Quarterly Report.

### **Description of Amended July 2007 Facility**

The Amended July 2007 Facility is a \$350.0 million revolving credit facility. On January 15, 2009, we entered into the Supplement to the Amended July 2007 Facility modifying certain terms and conditions of the Amended July 2007 Facility, and superseding the terms and conditions set forth in letter agreements entered into by us with Bank of America, as administrative agent, on February 14, 2008, March 28, 2008, May 7, 2008, May 30, 2008, September 26, 2008, and the December 2008 Facility Extension Agreement. Following the Supplement to the Amended July 2007 Facility, the Amended July 2007 Facility has a maturity date of December 31, 2010. As of January 15, 2009, we had an aggregate of \$306.5 million borrowing outstanding under the Amended July 2007 Facility. Borrowings under the Amended July 2007 Facility bear interest at a rate per annum equal to, at our option, LIBOR or the prime rate, plus an applicable margin of 1.75%. To comply with our agreement to pay interest on the Amended July 2007 Facility at the same rate as applied to the Prior Super Bridge Loan, we agreed to pay interest on the outstanding balance that accrued during the period from December 16, 2007 through February 14, 2008 at a rate equal to LIBOR or the prime rate plus 1.75% less the applicable margin in effect immediately prior to the amendment entered into on February 14, 2008. In addition to the interest that accrues and is paid currently, upon the occurrence of an event of default, additional interest would accrue from May 7, 2008 to January 15, 2009 at a rate of 5.5%, thereby increasing the total interest rate to LIBOR or the prime rate plus 7.25%. This additional interest becomes due and payable only upon the occurrence of an event of default as defined in the Amended July 2007 Facility. No such event of default has occurred, therefore interest continues to accrue at LIBOR or the prime rate plus 1.75%.

Additionally, post January 15, 2009, if an event of default occurs and is continuing, interest on the balance accrues at a rate equal to LIBOR or the prime rate plus 11.25% (an increase of 4% from the previous default rate). The new default interest rate provided under the Amended July 2007 Facility is applicable from the date of such event of default. No further borrowings under the Amended July 2007 Facility are permitted and any amounts repaid or prepaid prior to the maturity date may not be reborrowed.

The Amended July 2007 Facility is secured with assets held by us, as well as by certain assets held by the Residual Joint Venture.

Additionally, the loans and other obligations under the Amended July 2007 Facility are required to be paid, and the commitments will be reduced accordingly, upon the receipt by us of net proceeds from the disposition of certain properties. Net proceeds in respect of certain casualty and condemnation events affecting certain properties are required to be applied towards the prepayment of the loans as well. Except under certain limited circumstances, we are prohibited from selling or transferring property, making equity issuances or making payments of cash or other property with respect to indebtedness without lender consent. The requirement that we manage at least 90% of our properties was revised to permit the Management Joint Venture or one of its indirect or direct subsidiaries to also act as manager of such properties.

CPT and CPL agreed under the Supplement to the Amended July 2007 Facility to take and avoid taking certain actions with respect to us, such as (i) entering into any agreement that limits our flexibility, or grants lender consent rights, with respect to the sale of our assets, (ii) obtaining guaranties from us with respect to parent debt, (iii)

pledging any of our assets in favor of their creditors, and (iv) permitting us to transfer assets to CPT and CPL. A breach of such covenants was made an event of default under the Supplement to the Amended July 2007 Facility. The Supplement to the Amended July 2007 Facility also releases the parent company guaranty under that certain Guaranty Agreement, dated July 31, 2007, by and among CPT and CPL as guarantors in favor of Bank of America, N.A., as administrative agent.

As part of the Supplement to the Amended July 2007 Facility which was executed on January 15, 2009, we agreed to put in place an interest rate cap with respect to the debt under the Amended July 2007 Facility. The strike rate of the interest rate cap is 2.6%.

There are five separate letters of credit outstanding under the Amended July 2007 Facility in connection with certain property or insurance related matters. As of June 30, 2010, there was no balance outstanding under any of the letters of credit. If the letters of credit were fully drawn, the combined maximum amount of exposure would be approximately \$7.6 million. The expiration of these letters of credit may be automatically extended pursuant to the terms of the Amended July 2007 Facility and Bank of America, as the issuing bank under these letters of credit, has agreed not to prevent the automatic extension of such letters of credit.

The Amended July 2007 Facility contains various representations, warranties and covenants customary for financings of this type, including, among others, mandatory prepayment upon the occurrence of certain events. Under the Amended July 2007 Facility, we are also subject to compliance with certain covenants substantially similar to those contained in our Indentures relating to the public notes. These covenants include: (i) total debt to total adjusted assets of no more than 65%; (ii) total secured debt to total adjusted assets of no more than 40%; (iii) unencumbered total asset value not to be less than 100% of the aggregate principal amount of all of our outstanding unsecured debt and that of our subsidiaries; and (iv) consolidated income available for debt service of at least 1.5 times the maximum annual service charge on total debt.

The Amended July 2007 Facility contains customary defaults, including, among others: the nonpayment of interest or principal of any loan; failure to comply with restrictions on use of proceeds; failure to observe or perform covenants under any loan document, including the Supplement to the Amended July 2007 Facility; bankruptcy or insolvency; certain judgments and decrees; change of control; defaults under the Super Bridge Loan, Residual Credit Facility and Amended and Restated Preston Ridge Facility; and defaults under any existing credit facility of us, our subsidiaries and certain of our affiliates in excess of \$10.0 million.

Amounts outstanding under the Amended July 2007 Facility are guaranteed pursuant to an Amended and Restated Guaranty Agreement dated July 31, 2007, by and among certain of our subsidiaries, as guarantors in favor of the administrative agent and the Guaranty, dated as of March 28, 2008, from certain subsidiaries of Centro NP Residual Holding LLC in favor of the administrative agent.

The Amended July 2007 Facility was repaid in full with proceeds from the Term Loans as of July 28, 2010. Refer to Note 15 of the Financial Statements for further discussion.

### **Description of Residual Credit Facility**

The Residual Credit Facility is a \$370.0 million credit facility entered into by certain subsidiaries of the Residual Joint Venture (the "Residual Credit Facility Borrowers") on January 15, 2009. The Residual Credit Facility is collateralized by properties owned by the Residual Credit Facility Borrowers and certain other subsidiaries of the Residual Joint Venture and has a maturity date of December 31, 2010. The Residual Credit Facility is guaranteed by Super LLC, the Residual Joint Venture, Centro NP Residual Holding Sub 1, LLC, a subsidiary of the Residual Joint Venture and the 100% owner of each of the borrowers under the Residual Credit Facility, and certain other subsidiaries of the Residual Joint Venture. An initial draw on the Residual Credit Facility in the amount of approximately \$150.0 million was used for the repayment of a portion of the Super Bridge Loan, the payment of the DownREIT Partnership Redemption Obligation and the payment of the Secured Term Loan Payments. The remaining proceeds of the Residual Credit Facility may be used for development and redevelopment of certain properties, the payment of certain maturing debt and general corporate cash needs. However, we do not control the Residual Joint Venture and cannot cause the Residual Joint Venture to make a draw under the Residual Credit Facility or distribute the proceeds therefrom.

Borrowings under the Residual Credit Facility bear interest at a rate per annum equal to, at our option, the prime rate or LIBOR plus an applicable margin of 3.75%. Additionally, if an event of default occurs and is

continuing, interest on the outstanding balance accrues at a rate equal to LIBOR or the prime rate plus 7.75%, not to exceed the maximum nonusurious interest rate under the laws of the state of New York. The Residual Credit Facility is not a revolving credit facility and any amounts repaid or prepaid prior to the maturity date may not be reborrowed.

Additionally, mandatory draws of the Residual Credit Facility and the distribution of such proceeds up to Super LLC are required to repay loans and other obligations under the Super Bridge Loan, and the commitments will be reduced accordingly, upon the receipt by Super LLC or its subsidiaries of net proceeds from the disposition of certain properties. The Residual Credit Facility Borrowers are prohibited from selling or transferring any properties owned by the Residual Credit Facility Borrowers without lender consent.

The Residual Credit Facility contains various representations, warranties and covenants customary for financings of this type, including, among others, mandatory prepayment upon the occurrence of certain events. Under the Residual Credit Facility, we are also subject to compliance with certain covenants, which include, after the amendment to the Residual Credit Facility entered into on July 28, 2010: (i) consolidated EBITDA to consolidated total debt of no less than 9.2% (9.0% for the quarter ended June 30, 2010); and (ii) consolidated EBITDA to consolidated total interest expense of no less than 1.80 to 1.00 (1.65 to 1.00 for the quarter ended June 30, 2010).

The Residual Credit Facility contains customary defaults, including, among others: the nonpayment of interest or principal of the loan; failure to comply with restrictions on use of proceeds; failure to observe or perform covenants including the financial covenants described above; bankruptcy or insolvency; certain judgments and decrees; change of control; and defaults under the Super Bridge Loan and Amended and Restated Preston Ridge Facility.

The Residual Credit Facility Borrowers entered into an amendment to the Residual Credit Facility on July 28, 2010. Refer to Note 15 of the Financial Statements for further information.

## **Inflation**

The majority of our leases contain provisions designed to mitigate the adverse impact of inflation. Such provisions contain clauses enabling us to receive percentage rents, which generally increase as prices rise but may be adversely impacted by tenant sales decreases, and/or escalation clauses which are typically related to increases in the consumer price index or similar inflation indices. In addition, we believe that many of our existing lease rates are below current market levels for comparable space and that upon renewal or re-rental such rates may be increased to be consistent with, or get closer to, current market rates. This belief is based upon an analysis of relevant market conditions, including a comparison of comparable market rental rates, discussions with our property manager, and upon the fact that many of our leases have been in place for a number of years and may not contain escalation clauses sufficient to match the increase in market rental rates over such time. Most of our leases require the tenant to pay its share of operating expenses, including common area maintenance, real estate taxes and insurance, thereby reducing our exposure to increases in costs and operating expenses resulting from inflation. In addition, we periodically evaluate our exposure to interest rate fluctuations, and may enter into interest rate protection agreements which mitigate, but do not eliminate, the effect of changes in interest rates on our floating rate loans.

In the normal course of business, we also face risks that are either non-financial or non-qualitative. Such risks principally include credit risks and legal risks.

## **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

As of June 30, 2010, we had approximately \$8.8 million of outstanding floating rate mortgages. We also had approximately \$305.6 million outstanding under our floating rate Amended July 2007 Facility and \$163.7 million outstanding under floating rate secured term loans. We do not believe that the interest rate risk represented by our floating rate debt is material as of June 30, 2010, in relation to our approximately \$1.5 billion of outstanding total debt and our approximately \$3.2 billion of total assets as of that date. This assessment may change depending upon changes in market floating interest rates in the short term.

We have five interest rate cap agreements on \$470.2 million of debt expiring on December 31, 2010. We will receive a payout under the terms of the caps if the one-month LIBOR rate exceeds 2.60%. Additionally, we entered into five interest rate corridor agreements on the same \$469.2 million of debt expiring on December 31, 2010 that the five interest rate cap agreements apply to. Under the interest rate corridor agreements, we will receive a payout under the terms of the respective interest rate corridor agreement if the one month LIBOR rate exceeds 1.0% up to 2.6%. These additional interest rate corridor agreements were purchased in addition to, and do not

replace, the interest rate cap agreements. The objective for holding these derivative financial instruments is to provide protection against an increase in LIBOR rates. It is also noted that we entered into these interest rate cap agreements as a requirement of our lender in extending the maturity dates of certain debt through December 31, 2010. As of June 30, 2010, the one-month LIBOR rate did not exceed the cap rate and therefore no payments were received.

Hedging agreements may expose us to the risk that the counterparties to these agreements may not perform, which could increase our exposure to fluctuating interest rates. Generally, the counterparties to hedging agreements that we enter into are major financial institutions. We may borrow additional money with floating interest rates in the future. Increases in interest rates, or the loss of the benefit of existing or future hedging agreements, would increase our expense, which would adversely affect cash flow and our ability to service our debt. Future increases in interest rates will increase our interest expense as compared to the fixed rate debt underlying our hedging agreements and we could be required to make payments to unwind such agreements.

If market rates of interest on our variable rate debt increase by 1%, the increase in annual interest expense on our variable rate debt would decrease future earnings and cash flows by approximately \$4.8 million. If market rates of interest on our variable rate debt decrease by 0.34844% (the LIBOR rate as of June 30, 2010), the decrease in interest expense on our variable rate debt would increase future earnings and cash flows by approximately \$1.7 million. This assumes that the amount outstanding under our variable rate debt remains at approximately \$478.1 million, the balance as of June 30, 2010. If market rates of interest increase by 1%, the fair value of our total outstanding debt would decrease by approximately \$44.0 million. If market rates of interest decrease by 1%, the fair value of our total outstanding debt would increase by approximately \$33.9 million. This assumes that our total debt outstanding remains at approximately \$1.5 billion, the balance as of June 30, 2010.

As of June 30, 2010, we had no material exposure to foreign currency exchange risk, commodity price risk or equity price risk. In addition to the other factors which may constrain our ability to refinance our short-term debt obligations addressed elsewhere in this Quarterly Report, our ability to refinance such obligations may be further constrained as a result of recent dislocations in the global credit markets.

#### **Item 4. Controls and Procedures**

##### **Evaluation of Disclosure Controls and Procedures**

An evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report.

##### **Changes in Internal Control Over Financial Reporting**

There has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II – OTHER INFORMATION**

#### **Item 1. Legal Proceedings**

We are not presently involved in any material litigation arising outside the ordinary course of our business. However, we are involved in routine litigation arising in the ordinary course of business, none of which is believed to be material in light of reserves taken by us.

#### **Item 1A. Risk Factors**

Set forth below are the risks that we believe are material to investors who purchase or own our securities that are not otherwise described in this Quarterly Report. The occurrence of any of the following factors or circumstances could adversely affect our cash flows, financial condition, results of operations and/or our ability to meet our operating expenses, including debt service and capital expenditure obligations, any or all of which could in turn cause a decline in the value of our securities.

***We may need to dispose of a number of properties in order to meet our liquidity needs.*** We may need to dispose of certain assets to fund our operations. As of July 28, 2010, we have repaid our Amended July 2007 Facility and the Residual Joint Venture is no longer permitted to make draws under the Residual Credit Facility. In addition, there are restrictions imposed on us by the Super Bridge Loan, the Residual Credit Facility and the Indentures which, among other things, restrict us from incurring additional indebtedness without the consent of the lenders under the Super Bridge Loan subject to certain exceptions which include, among other things, (i) refinancing mortgage debt if, certain conditions are satisfied relative to, among other things, debt yield and loan maturity and (ii) financing mortgage debt secured by currently unencumbered properties certain conditions are satisfied relative to, among other things, use of proceeds and loan maturity. Thus if we are unable to complete such asset sales, we may not be able to meet our liquidity needs.

***Recent disruptions in the financial markets could affect our ability to obtain financing or renegotiate our existing indebtedness on reasonable terms and may have other adverse effects on us.*** Recent events in the financial markets have had an adverse impact on the credit markets and, as a result, credit has become more expensive and difficult to obtain. The United States credit markets have recently experienced significant price volatility, dislocations and liquidity disruptions, which have caused the spreads on prospective debt financings to widen considerably. These circumstances have materially impacted liquidity in the financial markets, making terms for certain financings less attractive, and in certain cases have resulted in the unavailability of certain types of financing. The negative impact on the tightening of the credit markets may have a material adverse effect on us resulting from, but not limited to, an inability to refinance our short-term and long-term debt obligations on favorable terms, if at all, increased financing costs or financing with increasingly restrictive covenants. In addition, these factors may make it more difficult for us to renegotiate our existing indebtedness or to sell properties or may adversely affect the price we receive for properties that we do sell, as prospective buyers may experience increased costs of financing or difficulties in obtaining financing. The negative impact of the recent disruptions in the credit markets on the real estate sector generally or our inability to obtain financing on favorable terms, if at all, may have a material adverse effect on our results of operations and business.

***Cross-default provisions in our borrowing arrangements increase the consequences of a default.*** Any defaults or foreclosures under our mortgage debt outstanding could expose us to the possibility of cross-defaults under our obligations under the Indentures. Our parent's pledge of its ownership interest in us may expose us to possible claims of default in certain of our mortgage debt outstanding, which, if demand for payment is made by the lenders, could cause cross-defaults in certain of our other debt. In the event of a cross-default, we might not be able to obtain alternative financing for the defaulted obligations or, if we are able to obtain such financing, we might not be able to obtain it on terms acceptable to us. There are currently no instances of default of debt obligations where cross-default provisions exist with certain debt obligations.

***We no longer have access to a liquidity facility to finance any liquidity requirements, and we may be unable to negotiate any new liquidity facilities.*** We have historically met our short-term liquidity requirements with cash generated from operations and borrowings under our credit facilities. Our short-term liquidity requirements consist primarily of funds necessary to pay for management fees, operating and other expenses directly associated with our portfolio of properties, interest expense and scheduled principal payments on our outstanding debt and capital expenditures incurred in our development and redevelopment projects. Our current new development pipeline in our Consolidated Portfolio is comprised of four projects, the aggregate cost of which, including costs incurred in prior years on these projects, is expected to be approximately \$90.2 million. We presently have \$3.0 million of costs, including costs incurred in prior years, attributable to our pro rata share of redevelopment costs for projects in our joint venture portfolio.

Our long-term liquidity requirements consist primarily of funds necessary to pay for the principal amount of our long-term debt as it matures, significant non-recurring capital expenditures that need to be made periodically at our properties and redevelopment projects that we undertake at our properties.

As of July 28, 2010, we have repaid our Amended July 2007 Facility and we no longer have access to distributions from the Residual Joint Venture and equity contributions from Super LLC, that are funded with borrowings from the Residual Credit Facility in order to meet our short-term liquidity requirements as the Residual Joint Venture is no longer permitted to make draws under the Residual Credit Facility. Although we are no longer prohibited from incurring additional indebtedness after amendments to the 1995 Indenture effected in the Consent Solicitation removed such restriction, due to restrictions contained in the Super Bridge Loan, we are restricted from incurring additional indebtedness without the consent of the lenders under the Super Bridge Loan except with respect to trade and operational debt incurred in the ordinary course of business, non-recourse guarantees of mortgage debt, debt in connection with capital expenditures, capital improvements, tenant improvements, tenant allowances and other similar expenses in the ordinary course of business and, refinancing mortgage debt, provided that any excess proceeds of such refinanced debt are allocated pursuant to the terms of the Super Bridge Loan. As of July 28, 2010, the Company may incur additional indebtedness from refinancing of mortgage debt without the consent of the lenders under the Super Bridge Loan if, certain conditions are satisfied relative to, among other things, debt yield and loan maturity. In addition, as of July 28, 2010, the Company may incur mortgage indebtedness secured by the Company's unencumbered properties without the consent of the lenders under the Super Bridge Loan if certain conditions are satisfied relative to, among other things, debt yield and loan maturity. Except in those circumstances mentioned above, we are presently limited to financing any liquidity requirements from certain asset sale proceeds and operating cash flow. If we are unable to negotiate new liquidity facilities or negotiate the ability to incur additional indebtedness free from current restriction imposed by certain debt agreements, we may be unable to finance the balance of these obligations.

***Our financial covenants will restrict our operating, acquisition and disposition activities.*** The Indentures contain certain financial and operating covenants, including, among other things, certain coverage ratios, as well as limitations on our ability to incur secured and unsecured debt, sell all or substantially all of our assets and engage in mergers and consolidations and certain acquisitions or dispositions. These covenants may restrict our ability to pursue certain business initiatives or certain acquisition transactions. In addition, failure to meet any of these covenants, including the financial coverage ratios, could cause an event of default under and/or accelerate some or all of our indebtedness, which would have a material adverse effect on us.

***Downturns in the retailing industry likely will have a direct impact on our performance.*** Our properties consist of community and neighborhood shopping centers and other related retail properties. Our performance therefore is linked to economic conditions in the market for retail space generally, and a decrease in the demand for retail space may have a greater adverse effect on our business and financial condition than if we owned a more diversified real estate portfolio. The market for retail space has been adversely affected by weakness in national, regional and local economies, the adverse financial condition of some retailing companies, the ongoing consolidation in the retail sector, the excess amount of retail space in a number of markets, and increasing consumer purchases through catalogues and the internet. To the extent that any of these conditions worsen, they are likely to further impact market rents for retail space and could adversely affect our business.

In addition, our concentration in retail properties means that we are subject to the risks that affect the retail environment generally, including the levels of consumer spending, seasonality, changes in economic conditions, consumer confidence and terrorist activities. The U.S. economy is in the midst of a prolonged economic downturn characterized by high unemployment, limited availability of credit and decreased consumer and business spending. This economic downturn is, has, and is expected to continue to adversely affect the businesses of many of our tenants.

***Mortgage debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in a property or group of properties subject to mortgage debt.*** As of June 30, 2010, we had approximately \$321.8 million of mortgage debt outstanding, excluding the impact of unamortized premiums and our unconsolidated joint ventures had mortgage loans and credit facility indebtedness outstanding of approximately \$3.0 billion. If a property or group of properties is mortgaged to secure payment of debt and we are unable to meet mortgage payments, the holder of the mortgage or lender could foreclose on the property, resulting in loss of our investment. Alternatively, if we decide to sell assets in the current market to raise funds to repay matured debt, it is possible that these properties will be disposed of at a loss. Also, certain of our mortgages contain customary negative covenants which, among other things, limit our ability, without the prior consent of the lender, to further mortgage the property, to enter into new leases or materially modify existing leases, and to discontinue insurance coverage.

The matters discussed in Note 7 herein have also made it difficult for us to refinance property level debt in the ordinary course, and we were required to pay higher interest rates on certain property level debt because we were unable to refinance such debt.

***Our degree of leverage could limit our ability to obtain additional financing and adversely affect our business and financial condition.*** The following should be considered with reference to the fact that regardless of our degree of leverage, due to covenants in certain of our indebtedness, we are presently significantly constrained in our ability to incur additional indebtedness without the consent of the lenders under the Super Bridge Loan. Our organizational documents do not contain any limitation on the incurrence of debt. The degree of our leverage could have important consequences, including:

- requiring us to dedicate a substantial portion of our funds from operations to servicing our debt;
- affecting our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general purposes; and
- making us more vulnerable to economic and industry downturns.

In addition, as a result of the financial and operating covenants described below, our leverage could reduce our flexibility in conducting our business and planning for, or reacting to, changes in our business and in the real estate industry.

***The economic performance and value of our properties are subject to risks associated with real estate assets and with the real estate industry.*** As a real estate company, we are subject to all of the risks associated with owning and operating real estate, including:

- changes in national, regional and local economic climate;
- local conditions, including an oversupply of space in properties similar to those that we own, or a reduction in demand for properties similar to those that we own;
- the attractiveness of our properties to tenants;
- the financial stability of tenants, including the ability of tenants to pay rent;
- competition from other available properties;
- changes in market rental rates;
- the need to periodically fund the costs to repair, renovate and re-let space;
- changes in operating costs, including costs for maintenance, insurance and real estate taxes;
- earthquakes, tornados, hurricanes and other natural disasters, civil unrest, terrorist acts or acts of war, which may result in uninsured or underinsured losses;
- the fact that the expenses of owning and operating properties are not necessarily reduced when circumstances such as market factors and competition cause a reduction in income from the properties; and
- changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes.

***Failure by any anchor tenant with leases in multiple locations to make rental payments to us, because of a deterioration of its financial condition or otherwise, could seriously harm our performance.*** Our performance depends on our ability to collect rent, through our property manager, from tenants. At any time, our tenants may experience a downturn in their business that may significantly weaken their financial condition. As a result, our tenants may delay a number of lease commencements, decline to extend or renew a number of leases upon expiration, fail to make rental payments when due under a number of leases, close a number of stores or declare bankruptcy. Any of these actions could result in the termination of the tenant's leases, or expiration of existing leases without renewal, and the loss of rental income attributable to the terminated or expired leases. In addition, lease terminations by an anchor tenant or a failure by that anchor tenant to occupy the premises could result in lease terminations or reductions in rent by other tenants in the same shopping centers under the terms of some leases. In that event, our property manager may be unable to re-lease the vacated space at attractive rents or at all. The occurrence of any of the situations described above, particularly if it involves a substantial tenant with leases in multiple locations, could seriously harm our performance. As of June 30, 2010, our largest tenants were The Kroger Co. and Sears Holdings Corp., the scheduled ABR for which represented 3.8% and 2.5%, respectively, of our total ABR excluding our pro rata share of ABR generated by properties owned by unconsolidated joint ventures.

***We may be unable to collect balances due from tenants in bankruptcy and face potential adverse effects as a result.*** Bankruptcy filings by retailers occur in the course of our operations. We are continually re-leasing vacant spaces resulting from tenant terminations. We saw a significant increase in tenant bankruptcies in 2009. While there have been fewer bankruptcies during the first six months of 2010, there can be no assurance that current economic conditions will not cause additional bankruptcies. A bankruptcy filing by or relating to one of our tenants or a lease guarantor bars all efforts by us to collect pre-bankruptcy debts from that tenant or the lease guarantor, or their property, unless we receive an order permitting us to do so from the bankruptcy court. These tenant or lease guarantor bankruptcies delay our efforts to collect past due balances under the relevant leases, and ultimately preclude collection of these sums. If a lease is assumed by the tenant in bankruptcy, all pre-bankruptcy balances due under the lease must be paid to us in full. However, if a lease is rejected by a tenant in bankruptcy, we would have only a general unsecured claim for damages. Any unsecured claim we hold may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims, and there are restrictions under bankruptcy laws that limit the amount of the claim we can make if a lease is rejected. As a result, in many tenant bankruptcies, we recover substantially less than the full value of any unsecured claims we hold from a bankrupt tenant. Additionally, the bankruptcy of a tenant, particularly an anchor tenant, may make it more difficult to lease the remainder of the affected properties. Future tenant bankruptcies could adversely affect our properties or impact our ability to successfully execute our re-leasing strategy. As a result, tenant bankruptcies may have a material adverse effect on our results of operations.

***Current and future development and redevelopment of real estate properties may not yield expected returns and may strain management resources.*** We are actively involved in several ongoing redevelopment projects. We expect to invest in additional redevelopment projects in the future if financial and market conditions warrant it.

Redevelopment of properties is subject to a number of risks, including the following:

- abandonment of development activities after expending resources to determine feasibility;
- construction and/or lease-up delays;
- cost overruns, including construction costs that exceed our original estimates;
- failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all; and
- delays with respect to obtaining or the inability to obtain necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws.

If any of these problems occur, overall project costs may significantly exceed the costs that were estimated when the project was originally undertaken, which will result in reduced returns, or even losses, from such investments. In addition, we may not have sufficient liquidity to fund such projects and delays in the completion of a redevelopment project may provide various tenants the right to withdraw from a property.

As the Residual Joint Venture is no longer permitted to make draws on the Residual Credit Facility pursuant to the Residual Credit Facility Amendment entered into on July 28, 2010, we are limited to financing any redevelopment costs from certain asset sale proceeds, operating cash flow and proceeds from refinancing of mortgage debt or financing of mortgage indebtedness secured by currently unencumbered properties, subject to certain limits pursuant to the terms of the Super Bridge Loan. If we are unable to negotiate new liquidity facilities negotiate the ability to incur additional indebtedness free from current restrictions imposed by certain debt agreements or complete certain asset sales, we may be unable to finance further redevelopment.

***Our current and future joint venture investments could be adversely affected by a lack of sole decision-making authority and our reliance on joint venture partners' financial condition.*** In some of our joint ventures, we have invested as a co-venturer or partner in the development or redevelopment of new properties, instead of developing projects directly. These investments involve risks not present in a wholly owned development or redevelopment project, including the following:

- in these investments, we do not have exclusive control over the development, financing, leasing, management and other aspects of the project, which may prevent us from taking actions that are opposed by our joint venture partners;
- we may be required to obtain prior consent from our co-venturers or partners for a sale or transfer to a third party of our interests in the joint venture, which restricts our ability to dispose of our interest in the joint venture;

- our co-venturers or partners might have interests or goals that are inconsistent with our interests or goals, and may be in a position to take actions contrary to our interests or otherwise impede our objectives;
- our co-venturers or partners also might become insolvent or bankrupt, which may delay construction or development of a property or increase our financial commitment to the joint venture;
- such investments have the potential risk of impasse on certain major decisions, such as a sale, because neither we nor our partner or co-venturer typically have full control over the joint venture;
- any disputes that may arise between us and our joint venture partners could result in litigation or arbitration that could increase our expenses and distract management from focusing their time and effort on our business; and
- we might be liable for the actions of our joint venture partners in certain circumstances.

As of June 30, 2010, we had approximately \$505.5 million of investments in and advances to ten unconsolidated joint ventures that own an aggregate of 280 properties. The largest of these investments is our investment in the Residual Joint Venture. We have a 49% equity interest in the Residual Joint Venture. Our investment in the Residual Joint Venture is subject to the risks described above for jointly owned investments. As of June 30, 2010, this joint venture was comprised of 160 stabilized assets and one asset undergoing redevelopment.

***Potential continued deterioration of investments in / advances to unconsolidated joint ventures.*** With the potential continued negative outlook over the US retail real estate markets and also potential decreases in risk free rates pertaining to long term debt, there is a risk of continued deterioration of the value of our investments in / advances to unconsolidated joint ventures. This may result in further impairments of the carrying value of our investments in / advances to unconsolidated joint ventures in addition to the \$1.3 million of impairment recorded by us that was deemed to be an other than temporary impairment during the three months ended June 30, 2010 and the \$175.4 million impairment recorded by us that was deemed to be an other than temporary impairment for the year ended December 31, 2009.

We currently do not have any plans to undertake any additional investments in / advances to unconsolidated joint ventures other than those which we are contractually obligated to make to our current investments in / advances to unconsolidated joint ventures.

***Real estate property investments are illiquid, and therefore we may not be able to dispose of properties when appropriate or on favorable terms.*** Real estate property investments generally cannot be disposed of quickly. Return of capital and realization of gains, if any, from an investment generally will occur upon disposition or refinance of the underlying property. We may be unable to realize our investment objectives by sale, other disposition or refinance at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy. In particular, these risks could arise from weakness in or even the lack of an established market for a property, changes in the financial condition or prospects of prospective purchasers, changes in national or international economic conditions, and changes in laws, regulations or fiscal policies of jurisdictions in which the property is located. Recently, it has become increasingly more difficult to dispose of real estate properties due to the downturn in the U.S. economy and the limited availability of credit. We may need to dispose of certain assets in order to fund our operations but are limited by certain of our debt agreements as to the aggregate value of the assets we may dispose of. This requirement may require us to dispose of properties on less than favorable terms. Therefore, we may not be able to vary our portfolio in response to economic or other conditions promptly or on favorable terms, which may adversely affect our financial position.

***Some potential losses are not covered by insurance, so we could lose a significant portion of our investment in a property.*** We carry comprehensive liability, fire, extended coverage, rental loss and acts of terrorism insurance on all of our properties. We believe the policy specifications and insured limits of these policies are adequate and appropriate given the relative risk of loss, the cost of the coverage and industry practice. There are, however, certain types of losses, including lease and other contract claims, acts of war and acts of God, and, in some cases, flooding, that generally are not insured, either because such coverage is not available or is not available at commercially reasonable rates. If we experience a loss which is uninsured or which exceeds policy limits, we could lose a significant portion of the capital we have invested in the damaged property, as well as the anticipated future revenue from the property. Inflation, changes in building codes and ordinances, environmental considerations, and other factors also might make it impractical or undesirable to use insurance proceeds to replace a property after it has been damaged or destroyed. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

***There can be no assurance as to future costs and the scope of coverage that may be available under insurance policies.*** Although we believe our properties are adequately covered by insurance, we cannot predict at this time if we will be able to obtain full coverage in the future at a reasonable cost. The costs associated with property and casualty renewals may be higher than anticipated.

***We currently have variable rate debt obligations, which could be substantial in the future and may impede our operating performance and put us at a competitive disadvantage.*** As of June 30, 2010, we had approximately \$478.1 million of outstanding floating rate debt, of which \$7.9 million is not subject to any form of interest rate cap agreement, maturing at various times up to September 1, 2011. The interest rate cap agreements in place on the debt of \$470.2 million cap the 1 month LIBOR at 2.60%. Additionally, the Company entered into five interest rate corridor agreements on \$469.2 million of debt expiring on December 31, 2010. Under the interest rate corridor agreements, we will receive a payout under the terms of the respective interest rate corridor agreement if the one month LIBOR rate exceeds 1.0% up to 2.6%. These additional interest rate corridors were purchased in addition to and do not replace the interest rate cap agreements. Furthermore, the rates on our variable rate indebtedness increase when interest rates increase. Interest rates are currently low relative to historical levels and may increase significantly in the future. Increases in interest rates would increase our interest expense not subject to interest rate cap, which would adversely affect cash flow and our ability to service debt.

As discussed above, we may borrow additional money with floating interest rates in the future. Increases in interest rates, or the loss of the benefits of our existing or future hedging agreements, would increase our interest expense, which would adversely affect cash flow and our ability to service our debt. Future increases in interest rates will increase our interest expense as compared to the fixed rate debt underlying our hedging agreements and could result in our making payments to unwind such agreements.

***Environmental problems that exist at some of our properties could result in significant unexpected costs.*** We are subject to federal, state and local environmental regulations that apply generally to the ownership of real property and the operations conducted on real property. Under various federal, state and local laws, ordinances and regulations, we may be considered an owner or operator of real property or may have arranged for the disposal or treatment of hazardous or toxic substances or petroleum product releases at a property and, therefore, may become liable for the costs of removal or remediation of certain hazardous substances released on or in our property or disposed of by us, 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 we knew of, or were responsible for, the presence of these hazardous or toxic substances. As is common with community and neighborhood shopping centers, many of our 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 cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such substances, may adversely affect our ability to sell or rent such property or to borrow using such property as collateral.

We are aware that soil and groundwater contamination exists at some of our 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). We also are aware that asbestos-containing materials exist at some of our properties. While we do not expect the environmental conditions at our properties, considered as a whole, to have a material adverse effect on us, 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 us or that a material environmental condition does not otherwise exist with respect to any of our properties.

Further information relating to recognition of remediation obligation in accordance with generally accepted accounting principles is provided in the Consolidated Financial Statements and notes thereto included in Item 8 of this Quarterly Report.

***We face considerable competition in the leasing market and may be unable to renew leases or re-let space as leases expire.*** Through our property manager, we compete with a number of other companies in providing leases to prospective tenants and in re-letting space to current tenants upon expiration of their respective leases. If our tenants decide not to renew or extend their leases upon expiration, we may not be able to re-let the space. Even if the tenants do renew or we can re-let the space, the terms of renewal or re-letting, including the cost of required renovations or concessions to tenants, may be less favorable or more costly than current lease terms or than expectations for the space. As of June 30, 2010, leases were scheduled to expire on a total of approximately 7.3% of

the space at our properties (excluding our pro rata share of properties owned by unconsolidated joint ventures) during the remaining six months of 2010. Our property manager may be unable to promptly renew the leases or re-let this space, or the rental rates upon renewal or re-letting may be significantly lower than expected rates.

***Our ability to continue as a going concern.*** As a result of the liquidity risk factors discussed above, specifically our current lack of a liquidity facility; reliance upon funding provided by an entity that we do not control; current restrictions upon our ability to incur further indebtedness; the existence of restrictions upon operations which increase the risk of default of existing debt, combined with the continued liquidity issues of our ultimate parents, there is substantial doubt about our ability to continue as a going concern.

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

We have obtained extension of our existing debt facilities, and during the period to the maturity of these facilities we will be working with management of our ultimate parent investors and our lenders to restructure and address our liquidity issues.

#### **Item 6. Exhibits**

- 10.1\* Loan Agreement, dated as of July 28, 2010, by and among Centro NP New Garden SC Owner, LLC, Centro NP Clark, LLC, Centro NP Hamilton Plaza Owner, LLC, Centro NP Holdings 11 SPE, LLC, Centro NP Holdings 12 SPE, LLC, Centro NP Atlantic Plaza, LLC, Centro NP 23rd Street Station Owner, LLC, Centro NP Coconut Creek Owner, LLC, Centro NP Seminole Plaza Owner, LLC, Centro NP Ventura Downs Owner, LLC, Centro NP Augusta West Plaza, LLC, Centro NP Banks Station, LLC, Centro NP Laurel Square Owner, LLC, Centro NP Middletown Plaza Owner, LLC, Centro NP Miracle Mile, LLC, Centro NP Ridgeview, LLC, Centro NP Surrey Square Mall, LLC, Centro NP Covington Gallery Owner, LLC, Centro NP Stone Mountain, LLC, Centro NP Greentree SC, LLC, Centro NP Arbor Faire Owner, LP, Centro NP Holdings 10 SPE, LLC, HK New Plan Festival Center (IL), LLC and JPMorgan Chase Bank, N.A., as lender, filed with the Trustee and posted on [www.centroprop.com](http://www.centroprop.com) on August 3, 2010.
- 10.2\* Loan Agreement, dated as of July 28, 2010, by and among Centro NP New Garden Mezz 1, LLC, Centro NP Senior Mezz Holding, LLC and JPMorgan Chase Bank, N.A., as lender, filed with the Trustee and posted on [www.centroprop.com](http://www.centroprop.com) on August 3, 2010.
- 10.3\* Loan Agreement, dated as of July 28, 2010, by and among Centro NP New Garden Mezz 2, LLC, Centro NP Junior Mezz Holding, LLC and JPMorgan Chase Bank, N.A., as lender, filed with the Trustee and posted on [www.centroprop.com](http://www.centroprop.com) on August 3, 2010.
- 10.4\* Loan Agreement, dated as of July 28, 2010, by and between Centro NP Bethel Park, LLC and JPMorgan Chase Bank, N.A., as lender, filed with the Trustee and posted on [www.centroprop.com](http://www.centroprop.com) on August 3, 2010.
- 10.5\* Loan Agreement, dated as of July 28, 2010, by and between Centro NP Monroe Plaza, LLC and JPMorgan Chase Bank, N.A., as lender, filed with the Trustee and posted on [www.centroprop.com](http://www.centroprop.com) on August 3, 2010.
- 10.6\* Loan Agreement, dated as of July 28, 2010, by and between Centro NP Roosevelt Mall Owner, LLC and JPMorgan Chase Bank, N.A., as lender, filed with the Trustee and posted on [www.centroprop.com](http://www.centroprop.com) on August 3, 2010.
- 10.7\* Loan Agreement, dated as of July 28, 2010, by and between Centro NP Ivyridge SC, LLC and JPMorgan Chase Bank, N.A., as lender, filed with the Trustee and posted on [www.centroprop.com](http://www.centroprop.com) on August 3, 2010.
- 10.8\* Guaranty, dated as of July 28, 2010, made by Centro NP LLC for the benefit of JPMorgan Chase Bank, N.A., as lender, filed with the Trustee and posted on [www.centroprop.com](http://www.centroprop.com) on August 3, 2010.
- 10.9\* Senior Mezzanine Guaranty, dated as of July 28, 2010, made by Centro NP LLC for the benefit of JPMorgan Chase Bank, N.A., as lender, filed with the Trustee and posted on [www.centroprop.com](http://www.centroprop.com) on August 3, 2010.

- 10.10\* Junior Mezzanine Guaranty, dated as of July 28, 2010, made by Centro NP LLC for the benefit of JPMorgan Chase Bank, N.A., as lender, filed with the Trustee and posted on [www.centroprop.com](http://www.centroprop.com) on August 3, 2010.
- 10.11\* Guaranty, dated as of July 28, 2010, made by Centro NP LLC for the benefit of JPMorgan Chase Bank, N.A., as lender, filed with the Trustee and posted on [www.centroprop.com](http://www.centroprop.com) on August 3, 2010.
- 10.12\* Guaranty, dated as of July 28, 2010, made by Centro NP LLC for the benefit of JPMorgan Chase Bank, N.A., as lender, filed with the Trustee and posted on [www.centroprop.com](http://www.centroprop.com) on August 3, 2010.
- 10.13\* Guaranty, dated as of July 28, 2010, made by Centro NP LLC for the benefit of JPMorgan Chase Bank, N.A., as lender, filed with the Trustee and posted on [www.centroprop.com](http://www.centroprop.com) on August 3, 2010.
- 10.14\* Guaranty, dated as of July 28, 2010, made by Centro NP LLC for the benefit of JPMorgan Chase Bank, N.A., as lender, filed with the Trustee and posted on [www.centroprop.com](http://www.centroprop.com) on August 3, 2010.
- 10.15 Guaranty Agreement (Payment), dated as of July 28, 2010, made by New Plan ERT HD Florida, LLC, Centro NP LLC, Excel Realty Trust – NC, New Plan Cinnaminson Urban Renewal, LLC, New Plan of Cinnaminson, L.P., HK New Plan Exchange Property Owner I, LLC and New Plan of Memphis Commons, LLC in favor of JPMorgan Chase Bank, N.A., as agent for and for the benefit of the lenders.

\* Incorporated herein by reference as above indicated.

**SIGNATURES**

Pursuant to the requirements of the Indentures, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: August 31, 2010

CENTRO NP LLC

By: /s/ Michael Carroll  
Michael Carroll  
Chief Executive Officer

By: /s/ Tiffanie Fisher  
Tiffanie Fisher  
Chief Financial Officer  
(Principal Financial Officer)

**GUARANTY AGREEMENT (PAYMENT)**

**THIS GUARANTY AGREEMENT (PAYMENT)** (this “**Guaranty**”) is executed as of July 28, 2010 by **EACH OF THE ENTITIES IDENTIFIED ON THE SIGNATURE PAGES OF THIS AGREEMENT AS GUARANTOR**, each having an address at 420 Lexington Avenue, New York, New York 10170 (each individually referred to as a “**Guarantor**” and also collectively and jointly and severally referred to herein as “**Guarantor**”, as the context may dictate), in favor of **JPMORGAN CHASE BANK, N.A. (“JPMCB”)**, a banking association chartered under the laws of the United States of America, having an address at 270 Park Avenue, New York, New York 10017, as agent for and for the benefit of Lenders (as herein defined) (JPMCB in such capacity, “**Agent**”).

WITNESSETH:

**WHEREAS**, Super LLC, a Maryland limited liability company (“**Borrower**”), Guarantor and certain other affiliates of Borrower (collectively, the “**Guarantor Entities**”), the financial institutions which are party to the Loan Agreement (as such term is hereinafter defined) as “**Lenders**” (collectively, “**Lenders**”) and Agent entered into that certain Second Amended and Restated Loan Agreement, dated as of January 15, 2009, as amended and/or otherwise supplemented by (i) that certain First Amendment to Second Amended and Restated Loan Agreement, dated as of February 17, 2009, among Borrower, the Guarantor Entities, Lenders and Agent, (ii) that certain letter agreement, dated as of March 11, 2009, among Borrower, the Guarantor Entities, Lenders and Agent, (iii) that certain Second Amendment to Second Amended and Restated Loan Agreement, dated as of June 25, 2009, among Borrower, the Guarantor Entities, Lenders and Agent, (iv) that certain letter agreement, dated as of July 31, 2009, among Lenders, Agent, Borrower and Centro NP LLC, (v) that certain Third Amendment to Second Amended and Restated Loan Agreement, dated as of September 10, 2009, among Borrower, the Guarantor Entities, Lenders and Agent, (vi) that certain Fourth Amendment to Second Amended and Restated Loan Agreement, dated as of November 6, 2009, among Borrower, the Guarantor Entities, Lenders and Agent and (vii) that certain Fifth Amendment to Second Amended and Restated Loan Agreement, dated as of the date hereof (the “**Fifth Amendment**”), among Borrower, the Guarantor Entities, Lenders and Agent (as the same may be further amended, modified, restated, supplemented, extended or renewed from time to time, collectively, the “**Loan Agreement**”), pursuant to which Lenders made a Loan (as defined in the Loan Agreement) to Borrower in the original principal amount of One Billion Eight Hundred Eighty Three Million Eight Hundred Nineteen Thousand Three Hundred Eighty-Four and 53/100 Dollars (\$1,883,819,384.53);

**WHEREAS**, as of the date hereof, the aggregate outstanding principal amount of the Notes (b Notes) (as defined in the Loan Agreement) is \$1,141,433,916.51, consisting of (i) an outstanding principal amount of \$391,514,129.44 evidenced by that certain Amended and Restated Replacement Promissory Note A-1b (“**Note 1b**”), (ii) an outstanding principal amount of \$75,569,743.74 evidenced by that certain Amended and Restated Replacement Promissory Note A-2b (“**Note 2b**”), (iii) an outstanding principal amount of \$214,565,922.89 evidenced by that certain Amended and Restated Replacement Promissory Note A-3b (“**Note 3b**”), (iv) an outstanding principal amount of \$61,304,549.39 evidenced by that certain Amended and Restated Replacement Promissory Note A-4b (“**Note 4b**”), (v) an outstanding principal amount

of \$214,565,922.89 evidenced by that certain Amended and Restated Replacement Promissory Note A-5b (“**Note 5b**”) and (vi) an outstanding principal amount of \$183,913,648.16 evidenced by that certain Amended and Restated Replacement Promissory Note A-6b (“**Note 6b**”) and, collectively with Note 1b, Note 2b, Note 3b, Note 4b and Note 5b, the “**Existing b Notes**”);

**WHEREAS**, as contemplated by the Fifth Amendment, concurrently with the execution and delivery of this Guaranty by Guarantor, Borrower and Lenders have severed the Existing b Notes as follows: (i) Note 1b has been severed into a certain Second Amended and Restated Replacement Promissory Note A-1b in the amount of \$357,136,970.43 and a certain Promissory Note A-1e in the amount of \$34,377,159.01 (“**Note 1e**”), (ii) Note 2b has been severed into a certain Second Amended and Restated Replacement Promissory Note A-2b in the amount of \$69,026,104.23 and a certain Promissory Note A-2e in the amount of \$6,543,639.51 (“**Note 2e**”), (iii) Note 3b has been severed into a certain Second Amended and Restated Replacement Promissory Note A-3b in the amount of \$195,767,995.14 and a certain Promissory Note A-3e in the amount of \$18,797,927.75 (“**Note 3e**”), (iv) Note 4b has been severed into a certain Second Amended and Restated Replacement Promissory Note A-4b in the amount of \$55,933,712.89 and a certain Promissory Note A-4e in the amount of \$5,370,836.50 (“**Note 4e**”), (v) Note 5b has been severed into a certain Second Amended and Restated Replacement Promissory Note A-5b in the amount of \$195,767,995.14 and a certain Promissory Note A-5e in the amount of \$18,797,927.75 (“**Note 5e**”) and (vi) Note 6b has been severed into a certain Second Amended and Restated Replacement Promissory Note A-6b in the amount of \$167,801,138.67 and a certain Promissory Note A-6e in the amount of \$16,112,509.49 (“**Note 6e**”) and, collectively with Note 1e, Note 2e, Note 3e, Note 4e, and Note 5e, as each of the same may be amended, restated, supplemented, replaced, severed, consolidated or otherwise modified from time to time, the “**Guaranteed Notes**”; for the avoidance of doubt, the Guaranteed Notes are referred to in the Loan Agreement as the “Notes (e Notes)” and the other notes referred to in this clause are referred to in the Loan Agreement as the “Notes (b Notes)”);

**WHEREAS**, pursuant to the Fifth Amendment, Lenders have, among other things, agreed to extend the Scheduled Maturity Date (as defined in the Loan Agreement) to December 31, 2011, subject to the condition that, among other things, Guarantor delivers to Agent this Guaranty and, as security for the Guaranteed Obligations (as hereinafter defined), certain mortgages, deeds of trust and/or deeds to secure debt (the “**Security Instruments**”) encumbering real property and other assets owned by Guarantor (individually or collectively, as the context may dictate, the “**Property**”); and

**WHEREAS**, each Guarantor is a wholly-owned Subsidiary of Borrower and Centro NP (as defined in the Loan Agreement), and Guarantor will directly benefit from the extension of the Scheduled Maturity Date and the other agreements of Lenders set forth in the Fifth Amendment.

**NOW, THEREFORE**, as an inducement to Lenders to extend the Scheduled Maturity Date and to make the other agreements set forth in the Fifth Amendment, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, Guarantor does hereby agree as follows:

## ARTICLE I

### NATURE AND SCOPE OF GUARANTY

**1.1 Guaranty of Obligation.** Guarantor hereby irrevocably, absolutely, and unconditionally guarantees to Agent and Lenders and their respective successors and assigns the full and prompt payment of the Guaranteed Obligations, as and when the same shall be due and payable as provided in the Loan Agreement, the Guaranteed Notes or other Loan Documents, whether by lapse of time, at stated maturity, by required prepayment, declaration, demand, acceleration of maturity or otherwise, to be applied by Lenders on a pro rata basis. Guarantor hereby irrevocably and unconditionally covenants and agrees that it is liable for the Guaranteed Obligations as a primary obligor. As used herein, the term “**Guaranteed Obligations**” means the sum of: (i) (A) in the case of each Guarantor other than New Plan Cinnaminson Urban Renewal, LLC (the “Cinnaminson Guarantor”), the aggregate principal amount outstanding at any time under the Guaranteed Notes, together with all amounts (including accrued interest and any interest that accrues after the commencement of a voluntary or involuntary bankruptcy case by or against Guarantor or Borrower, whether or not such interest is an allowed claim in such case) due under the Guaranteed Notes and the Loan Agreement in respect of such Guaranteed Notes and (B) in the case of the Cinnaminson Guarantor, a portion of the aggregate principal amount outstanding at any time under the Guaranteed Notes equal to Forty One Million Five Hundred Eighteen Thousand Six Hundred Seventy and 23/100 Dollars (\$41,518,670.23) (such amount, together with the sums described in the next succeeding clause (ii), the “**Cinnaminson Guaranteed Obligations**”), together with all amounts (including accrued interest and any interest that accrues after the commencement of a voluntary or involuntary bankruptcy case by or against Guarantor or Borrower, whether or not such interest is an allowed claim in such case) due under the Guaranteed Notes and the Loan Agreement in respect of such portion of the Guaranteed Notes and (ii) all amounts due under Section 1.7 of this Guaranty.

**1.2 Nature of Guaranty.** This Guaranty is an irrevocable, absolute, continuing guaranty of payment and performance and not a guaranty of collection. This Guaranty may not be revoked by Guarantor and shall continue to be effective with respect to any Guaranteed Obligations arising or created after any attempted revocation by Guarantor. The fact that at any time or from time to time the Guaranteed Obligations may be increased or reduced shall not release or discharge the obligation of Guarantor to Agent and/or Lenders with respect to the Guaranteed Obligations. This Guaranty may be enforced by Agent (on behalf of Lenders), Lenders and any subsequent holder of the Guaranteed Notes and shall not be discharged by the assignment or negotiation of all or part of the Guaranteed Notes.

**1.3 Guaranteed Obligations Not Reduced by Offset.** The Guaranteed Obligations and the liabilities and obligations of Guarantor to Lenders hereunder shall not be reduced, discharged or released because or by reason of any existing or future offset, claim or defense of Borrower, or any other party, against Lenders or against payment of the Guaranteed Obligations, whether such offset, claim or defense arises in connection with the Guaranteed Obligations (or the transactions creating the Guaranteed Obligations) or otherwise.

**1.4 Payment By Guarantor.** If all or any part of the Guaranteed Obligations shall not be punctually paid when due, whether at demand, maturity, acceleration or otherwise,

Guarantor shall, immediately upon demand by Agent (except that no such demand shall be required following the commencement of a voluntary or involuntary bankruptcy case by or against Guarantor or Borrower), and without presentment, protest, notice of protest, notice of non-payment, notice of intention to accelerate the maturity, notice of acceleration of the maturity, or any other notice whatsoever, pay in lawful money of the United States of America, the amount due on the Guaranteed Obligations to Agent, on behalf of Lenders, at Agent's address as set forth herein. Such demand(s) may be made at any time coincident with or after the time for payment of all or part of the Guaranteed Obligations. Such demand shall be deemed made, given and received in accordance with the notice provisions hereof.

**1.5 No Duty To Pursue Others.** It shall not be necessary for Agent or any Lender (and Guarantor hereby waives any rights which Guarantor may have to require Agent and/or any Lender), in order to enforce the obligations of Guarantor hereunder, first to (a) institute suit or exhaust its remedies against Borrower or others liable on the Loan or the Obligations or any other Person, (b) enforce Agent's and/or Lenders' rights against any collateral which shall ever have been given to secure the Loan, (c) enforce Agent's and/or Lenders' rights against any other guarantors of the Obligations, (d) join Borrower or any others liable on the Guaranteed Obligations in any action seeking to enforce this Guaranty, (e) exhaust any remedies available to Lenders against any collateral (including, without limitation, the Property) which shall ever have been given to secure the Loan, or (f) resort to any other means of obtaining payment of the Guaranteed Obligations. Neither any Lender nor Agent, on behalf of Lenders, shall be required to mitigate damages or take any other action to reduce, collect or enforce the Guaranteed Obligations.

**1.6 Waivers.** Guarantor agrees to the provisions of the Loan Documents (including the Guaranteed Notes), and hereby waives notice of (a) any loans or advances made by Agent or any Lender to Borrower, (b) acceptance of this Guaranty, (c) any amendment or extension of the Guaranteed Notes, the Loan Agreement or of any other Loan Documents (including the Notes which are not Guaranteed Notes), (d) the execution and delivery by Borrower, Agent and Lenders of any other loan or credit agreement or of Borrower's execution and delivery of any promissory notes or other documents arising under the Loan Documents or in connection with any portion of the Property, (e) the occurrence of any Default or an Event of Default, (f) any Lender's transfer or disposition of the Obligations, or any part thereof, (g) sale or foreclosure (or posting or advertising for sale or foreclosure) of any collateral (including, without limitation, any Property) for the Obligations pursuant to the Security Instruments, applicable law, or otherwise, (h) protest, proof of non-payment or default by Borrower, and (i) any other action at any time taken or omitted by Agent or any Lender, and, generally, all demands and notices of every kind in connection with this Guaranty, the Notes or the other Loan Documents.

**1.7 Payment of Expenses.** In the event that Guarantor should breach or fail to timely perform any provisions of this Guaranty, Guarantor shall, immediately upon demand by Agent, pay Agent all costs and expenses (including court costs and reasonable attorneys' fees) incurred by Agent and Lenders in the enforcement hereof or the preservation of Lenders' rights hereunder. The covenant contained in this Section 1.7 shall survive the payment and performance of the Guaranteed Obligations.

**1.8 Effect of Bankruptcy.** In the event that, pursuant to any insolvency, bankruptcy, reorganization, receivership or other debtor relief law, or any judgment, order or decision thereunder, Lenders must rescind or restore any payment, or any part thereof, received by any Lender (or Agent on behalf of Lenders) in satisfaction of the Guaranteed Obligations, as set forth herein, any prior release or discharge from the terms of this Guaranty given to Guarantor by Agent and Lenders shall be without effect, and this Guaranty shall remain in full force and effect. It is the intention of Borrower and Guarantor that Guarantor's obligations hereunder shall not be discharged except by Guarantor's performance of such obligations and then only to the extent of such performance.

**1.9 Waiver of Subrogation, Reimbursement and Contribution.** Notwithstanding anything to the contrary contained in this Guaranty, Guarantor hereby unconditionally and irrevocably waives, releases and abrogates any and all rights it may now or hereafter have under any agreement, at law or in equity (including, without limitation, any law subrogating Guarantor to the rights of Lenders), to assert any claim against or seek contribution, indemnification or any other form of reimbursement from Borrower or any other party liable for payment of any or all of the Guaranteed Obligations for any payment made by Guarantor under or in connection with this Guaranty or otherwise until the full and final payment in cash and satisfaction of the Obligations.

**1.10 Borrower.** The term "**Borrower**" as used herein shall include any new or successor corporation, association, partnership (general or limited), limited liability company, joint venture, trust or other individual or organization formed as a result of any merger, reorganization, sale, transfer, devise, gift or bequest of Borrower or any interest in Borrower.

## ARTICLE II

### **EVENTS AND CIRCUMSTANCES NOT REDUCING OR DISCHARGING GUARANTOR'S OBLIGATIONS**

Guarantor hereby consents and agrees to each of the following, and agrees that Guarantor's obligations under this Guaranty shall not be released, diminished, impaired, reduced or adversely affected by any of the following, and waives any common law, equitable, statutory or other rights (including, without limitation, rights to notice) which Guarantor might otherwise have as a result of or in connection with any of the following (provided that, in no event shall the Guaranteed Obligations be increased unless Guarantor shall have ratified its obligations under this Guaranty in connection therewith as a result of any of the following listed actions and matters):

**2.1 Modifications.** Any renewal, extension, increase, modification, alteration or rearrangement of all or any part of the Notes, the Loan Agreement, the other Loan Documents, or any other document, instrument, contract or understanding between or among Borrower, Agent and Lenders, or any other parties, pertaining to the Obligations or any failure of Agent or any Lender to notify Guarantor of any such action, including, without limitation, with respect to principal, interest, and other amounts payable under any of the Notes, the Loan Agreement, and other Loan Documents.

**2.2 Adjustment.** Any adjustment, indulgence, forbearance or compromise that might be granted or given by Agent or Lenders to Borrower or Guarantor.

**2.3 Condition of Borrower or Guarantor.** The insolvency, bankruptcy, arrangement, adjustment, composition, liquidation, disability, dissolution or lack of power of Borrower, Guarantor or any other party at any time liable for the payment of all or part of the Obligations; or any dissolution of Borrower, any Subsidiary of Borrower or Guarantor, or any sale, lease or transfer of any or all of the assets of Borrower, any Subsidiary of Borrower or Guarantor, or any changes in the shareholders, partners or members of Borrower, any Subsidiary of Borrower or Guarantor; or any reorganization of Borrower, any Subsidiary of Borrower or Guarantor.

**2.4 Invalidity of Obligations.** The invalidity, illegality or unenforceability of all or any part of the Obligations, or any document or agreement executed in connection with the Obligations, for any reason whatsoever, including, without limitation, the fact that (a) the Obligations, or any part thereof, exceeds the amount permitted by law, (b) the act of creating the Obligations or any part thereof is ultra vires, (c) the officers or representatives executing the Guaranteed Notes, the Loan Agreement or the other Loan Documents or otherwise creating the Obligations or any part thereof acted in excess of their authority, (d) the Obligations or any part thereof violate applicable usury laws, (e) Borrower has valid defenses, claims or offsets (whether at law, in equity or by agreement) which render the Obligations wholly or partially uncollectible from Borrower, (f) the creation, performance or repayment of the Obligations or any part thereof (or the execution, delivery and performance of any document or instrument representing part of the Obligations or executed in connection with the Obligations, or given to secure the repayment of the Obligations or any part thereof) is illegal, uncollectible or unenforceable, or (g) the Guaranteed Notes, the Loan Agreement or any of the other Loan Documents have been forged or otherwise are irregular or not genuine or authentic, it being agreed that Guarantor shall remain liable hereon regardless of whether Borrower or any other Person be found not liable on the Obligations or any part thereof for any reason.

**2.5 Release of Obligors.** Any full or partial release of the liability of Borrower for the Obligations, or any part thereof, or of any co-guarantors, or any other person or entity now or hereafter liable, whether directly or indirectly, jointly, severally, or jointly and severally, to pay, perform, guarantee or assure the payment of the Obligations, or any part thereof, it being recognized, acknowledged and agreed by Guarantor that Guarantor may be required to pay the Guaranteed Obligations in full without assistance or support of any other party, and Guarantor has not been induced to enter into this Guaranty on the basis of a contemplation, belief, understanding or agreement that other Persons will be liable to pay or perform the Guaranteed Obligations, or that Lenders will look to other Persons to pay or perform the Obligations.

**2.6 Other Collateral.** The taking or accepting of any other security, collateral or guaranty, or other assurance of payment, for all or any part of the Guaranteed Obligations.

**2.7 Release of Collateral.** Any release, surrender, exchange, subordination, deterioration, waste, loss or impairment (including, without limitation, negligent, willful,

unreasonable or unjustifiable impairment) of any collateral, property or security at any time existing in connection with, or assuring or securing payment of, all or any part of the Obligations.

**2.8 Care and Diligence.** The failure of Agent, any Lender or any other party to exercise diligence or reasonable care in the preservation, protection, enforcement, sale or other handling or treatment of all or any part of any collateral, property or security, including but not limited to any neglect, delay, omission, failure or refusal of Agent and/or Lenders (a) to take or prosecute any action for the collection of any of the Obligations or (b) to foreclose, or initiate any action to foreclose, or, once commenced, prosecute to completion any action to foreclose upon any security therefor, or (c) to take or prosecute any action in connection with any instrument or agreement evidencing or securing all or any part of the Obligations.

**2.9 Unenforceability.** The fact that any collateral, security, security interest or lien contemplated or intended to be given, created or granted as security for the repayment of the Guaranteed Obligations, or any part thereof, shall not be properly perfected or created, or shall prove to be unenforceable or subordinate to any other security interest or lien, it being recognized and agreed by Guarantor that Guarantor is not entering into this Guaranty in reliance on, or in contemplation of the benefits of, the validity, enforceability, collectibility or value of any of the collateral for the Guaranteed Obligations.

**2.10 Offset.** Any existing or future right of offset, claim or defense of Borrower against Agent, any Lender or any other Person, or against payment of the Obligations, whether such right of offset, claim or defense arises in connection with the Guaranteed Obligations (or the transactions creating the Guaranteed Obligations) or otherwise.

**2.11 Merger.** The reorganization, merger or consolidation of Borrower into or with any other corporation or entity.

**2.12 Preference.** Any payment by Borrower to Agent or any Lender is held to constitute a preference under bankruptcy laws, or for any reason Agent or any Lender is required to refund such payment or pay such amount to Borrower or someone else.

**2.13 Other Actions Taken or Omitted.** Notwithstanding any other action taken or omitted to be taken with respect to the Loan Documents, the Obligations, or the security and collateral therefor, whether or not such action or omission prejudices Guarantor or increases the likelihood that Guarantor will be required to pay the Guaranteed Obligations pursuant to the terms hereof, it is the unambiguous and unequivocal intention of Guarantor that Guarantor shall be obligated to pay the Guaranteed Obligations when due, notwithstanding any occurrence, circumstance, event, action, or omission whatsoever, whether contemplated or un contemplated, and whether or not otherwise or particularly described herein, which obligation shall be deemed satisfied only upon the full and final payment and satisfaction of the Guaranteed Obligations.

## ARTICLE III

### REPRESENTATIONS AND WARRANTIES

To induce Agent and Lenders to enter into the Fifth Amendment, Guarantor represents and warrants to Agent and Lenders as follows:

**3.1 Benefit.** Guarantor is a wholly-owned Subsidiary of Borrower, and has received, or will receive, direct or indirect benefit from the making of this Guaranty.

**3.2 Familiarity and Reliance.** Guarantor is familiar with, and has independently reviewed books and records regarding, the financial condition of Borrower and is familiar with the value of any and all collateral intended to be created as security for the payment of the Notes or Obligations; however, Guarantor is not relying on such financial condition or the collateral as an inducement to enter into this Guaranty.

**3.3 No Representation By Lender.** Neither Lenders nor any other party has made any representation, warranty or statement to Guarantor in order to induce Guarantor to execute this Guaranty.

**3.4 Guarantor's Financial Condition.** As of the date hereof, and after giving effect to this Guaranty and the contingent obligation evidenced hereby, Guarantor is, and will be, Solvent. As used herein, the term "Solvent" shall mean, as to any Person, that such Person is not "insolvent" within the meaning of Section 101(32) of the Bankruptcy Code or Section 271 of the Debtor and Creditor Law of the State of New York or similar statutes in effect in the State of Delaware, the State of Maryland, the State of New Jersey or the State of North Carolina.

**3.5 Organization, Authority of Guarantor.** Guarantor is a limited liability company or limited partnership, as applicable, duly organized and validly existing under the laws of the jurisdiction of its formation, and has the power and authority and the legal right to own and operate its property, to lease the property it operates and to conduct the business in which it is currently engaged. Guarantor is duly qualified to do business and is in good standing in each jurisdiction where it is required to be so qualified in connection with its properties, businesses and operations. Guarantor possesses all rights, licenses, permits and authorizations, governmental or otherwise, necessary to entitle it to own its properties and to transact the businesses in which it is now engaged.

**3.6 Execution, Delivery and Performance by Guarantor.** Guarantor has the power and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary action to authorize its execution, delivery and performance of this Guaranty.

**3.7 Legality.** This Guaranty constitutes a legal, valid and binding obligation of Guarantor enforceable in accordance with its terms, except as may be affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of creditors' rights generally, general equitable principles and an implied covenant of good faith and fair dealing.

**3.8 No Violation of Guarantor's Duties or Obligations.** The execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of Guarantor and will not result in or require the creation or imposition of any lien on any of the properties or revenues of Guarantor pursuant to any requirement of law or contractual obligation of Guarantor.

**3.9 No Legal Proceedings against Guarantor.** No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of Guarantor, threatened by or against Guarantor or against any of its properties or revenues (i) with respect to this Guaranty or any of the transactions contemplated hereby, or (ii) which could reasonably be expected to have a material adverse effect on the business, operations, property or financial or other condition of Guarantor.

**3.10 No Consent Required for Guarantor's Execution, Delivery or Performance.** No consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Governmental Authority and no consent of any other Person (including, without limitation, any stockholder or creditor of Guarantor) is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty.

**3.11 Survival.** All representations and warranties made by Guarantor herein shall survive the execution hereof.

#### **ARTICLE IV SUBORDINATION OF CERTAIN INDEBTEDNESS**

**4.1 Subordination of All Guarantor Claims.** As used herein, the term “**Guarantor Claims**” shall mean all debts and liabilities of Borrower or any Subsidiary of Borrower to Guarantor, whether such debts and liabilities now exist or are hereafter incurred or arise, or whether the obligations of Borrower or any Subsidiary of Borrower thereon be direct, contingent, primary, secondary, several, joint and several, or otherwise, and irrespective of whether such debts or liabilities be evidenced by note, contract, open account, or otherwise, and irrespective of the Person in whose favor such debts or liabilities may, at their inception, have been, or may hereafter be created, or the manner in which they have been or may hereafter be acquired by Guarantor. The Guarantor Claims shall include, without limitation, all rights and claims of Guarantor against Borrower or any Subsidiary of Borrower (arising as a result of subrogation or otherwise) as a result of Guarantor's payment of all or a portion of the Guaranteed Obligations. Guarantor shall not receive or collect, directly or indirectly, from Borrower, any Subsidiary of Borrower or any other party any amount upon the Guarantor Claims until the Obligations are finally paid in full in cash.

**4.2 Claims in Bankruptcy.** In the event of receivership, bankruptcy, reorganization, arrangement, debtor's relief, or other insolvency proceedings involving Guarantor as debtor, Lenders shall have the right to prove their claims in any such proceeding so as to establish their rights hereunder and receive directly from the receiver, trustee or other court custodian dividends and payments which would otherwise be payable upon Guarantor Claims. Guarantor hereby assigns such dividends and payments to Agent for the benefit of Lenders. Should Lenders (or Agent, on behalf of Lenders) receive, for application upon the Guaranteed

Obligations, any such dividend or payment which is otherwise payable to Guarantor, and which, as between Borrower or any Subsidiary of Borrower and Guarantor, shall constitute a credit upon the Guarantor Claims, then upon final payment to Lenders in full of the Obligations, Guarantor shall become subrogated to the rights of Lenders to the extent that such payments to Lenders on the Guarantor Claims have contributed toward the liquidation of the Guaranteed Obligations, and such subrogation shall be with respect to that proportion of the Guaranteed Obligations which would have been unpaid if Lenders had not received dividends or payments upon the Guarantor Claims.

**4.3 Payments Held in Trust.** In the event that, notwithstanding anything to the contrary in this Guaranty, Guarantor should receive any funds, payment, claim or distribution which is prohibited by this Guaranty, Guarantor agrees to hold in trust for Lenders an amount equal to the amount of all funds, payments, claims or distributions so received, and agrees that it shall have absolutely no dominion over the amount of such funds, payments, claims or distributions so received except to pay them promptly to Agent for the ratable benefit of Lenders, and Guarantor covenants promptly to pay the same to Agent for the ratable benefit of Lenders.

**4.4 Liens Subordinate.** Guarantor agrees that any liens, security interests, judgment liens, charges or other encumbrances upon Borrower's assets (or assets of any Subsidiary of Borrower) securing payment of the Guarantor Claims shall be and remain inferior and subordinate to any liens, security interests, judgment liens, charges or other encumbrances upon Borrower's assets (or assets of any Subsidiary of Borrower) securing payment of the Obligations, regardless of whether such encumbrances in favor of Guarantor, Agent (on behalf of Lenders) or Lenders presently exist or are hereafter created or attach. Without the prior written consent of Agent, Guarantor shall not (a) exercise or enforce any creditor's right it may have against Borrower or any Subsidiary of Borrower or (b) foreclose, repossess, sequester or otherwise take steps or institute any action or proceedings (judicial or otherwise, including, without limitation, the commencement of, or joinder in, any liquidation, bankruptcy, rearrangement, debtor's relief or insolvency proceeding) to enforce any liens, mortgages, deeds of trust, security interests, collateral rights, judgments or other encumbrances on assets of Borrower or any Subsidiary of Borrower held by Guarantor.

## ARTICLE V

### MISCELLANEOUS

**5.1 Waiver.** No failure to exercise, and no delay in exercising, on the part of Agent or any Lender, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right. The rights of Agent and Lenders hereunder shall be in addition to all other rights provided by law. No modification or waiver of any provision of this Guaranty, nor consent to departure therefrom, shall be effective unless in writing and no such consent or waiver shall extend beyond the particular case and purpose involved. No notice or demand given in any case shall constitute a waiver of the right to take other action in the same, similar or other instances without such notice or demand.

**5.2 Notices.** Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to Guarantor, to the address of Borrower set forth in Section 9.01 of the Loan Agreement; and

(b) if to Agent: to JPMorgan Chase Bank, N.A., c/o Centerline Servicing, Inc., 5221 N. O'Connor Blvd., Suite 600, Irving, Texas 75039, Attention: John Roach, Senior Vice President, Asset Management, Facsimile No.: (972) 868-5493, with a copy to Cadwalader, Wickersham & Taft LLP, One World Financial Center, New York, New York 10281, Attention: Fredric L. Altschuler, Esq., Facsimile No. (212) 504 6666.

A notice shall be deemed to have been given: in the case of hand delivery, at the time of delivery; in the case of registered or certified mail, when delivered or the first attempted delivery on a Business Day; or in the case of expedited prepaid delivery and telecopy, upon the first attempted delivery on a Business Day; or in the case of telecopy, upon sender's receipt of a machine-generated confirmation of successful transmission after advice by telephone to recipient that a telecopy notice is forthcoming.

**5.3 Governing Law, Submission to Jurisdiction, Waivers.**

**(a) THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND THE APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST AGENT, ANY LENDER OR GUARANTOR ARISING OUT OF OR RELATING TO THIS GUARANTY MAY BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, COUNTY OF NEW YORK, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW. GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS GUARANTY OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE NON-EXCLUSIVE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, THE COURTS OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR IN SUCH FEDERAL COURT, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MATTER PROVIDED BY LAW.**

**(b) GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT REFERRED TO IN PARAGRAPH (a) OF THIS SECTION 5.3. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.**

**(c) FOR THE PURPOSE OF PROCEEDINGS IN THE COURTS OF THE STATE OF NEW YORK AND THE UNITED STATES COURTS FOR THE SOUTHERN DISTRICT OF NEW YORK, IN EACH CASE SITTING IN THE BOROUGH OF MANHATTAN, GUARANTOR HEREBY IRREVOCABLY DESIGNATES AS ITS AGENT FOR SERVICE OF PROCESS:**

CT Corporation System  
111 Eighth Avenue  
New York, New York 10011

**IN THE EVENT THAT SUCH AGENT OR ANY SUCCESSOR SHALL CEASE TO BE LOCATED IN THE BOROUGH OF MANHATTAN, GUARANTOR SHALL PROMPTLY AND IRREVOCABLY BEFORE THE RELOCATION OF SUCH AGENT FOR SERVICE OF PROCESS, IF PRACTICABLE, OR PROMPTLY THEREAFTER DESIGNATE A SUCCESSOR AGENT, WHICH SUCCESSOR AGENT SHALL BE LOCATED IN THE BOROUGH OF MANHATTAN, AND NOTIFY THE AGENT THEREOF, TO ACCEPT ON ITS BEHALF SERVICE OF ANY AND ALL PROCESS OR OTHER DOCUMENTS WHICH MAY BE SERVED IN ANY ACTION OR PROCEEDING IN ANY OF SUCH COURTS AND FURTHER AGREES THAT SERVICE UPON SUCH AGENT SHALL CONSTITUTE VALID AND EFFECTIVE SERVICE UPON GUARANTOR AND THAT FAILURE OF ANY SUCH AGENT TO GIVE ANY NOTICE OF SUCH SERVICE TO GUARANTOR SHALL NOT AFFECT THE VALIDITY OF SUCH SERVICE OR ANY JUDGMENT RENDERED IN ANY ACTION OR PROCEEDING BASED THEREON. GUARANTOR AGREES THAT SERVICE OF ANY AND ALL SUCH PROCESS OR OTHER DOCUMENTS ON SUCH PERSON MAY ALSO BE EFFECTED BY REGISTERED MAIL TO ITS ADDRESS AS SET FORTH IN SECTION 5.2.**

**(d) EACH PARTY HERETO IRREVOCABLY AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION.**

**(e) GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LEGAL**

**ACTION OR PROCEEDING REFERRED TO IN THIS SECTION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES.**

**5.4 Invalid Provisions.** If any provision of this Guaranty is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Guaranty, such provision shall be fully severable and this Guaranty shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Guaranty, and the remaining provisions of this Guaranty shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Guaranty, unless such continued effectiveness of this Guaranty, as modified, would be contrary to the basic understandings and intentions of the parties as expressed herein.

**5.5 Amendments.** This Guaranty may be amended only by an instrument in writing executed by the party or an authorized representative of the party against whom such amendment is sought to be enforced.

**5.6 Parties Bound; Assignment; Joint and Several.** This Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives; provided, however, that Guarantor may not, without the prior written consent of all Lenders, assign any of its rights, powers, duties or obligations hereunder. If Guarantor consists of more than one person or party, the obligations and liabilities of each such person or party shall be joint and several; provided, however, that, notwithstanding anything to the contrary herein, the liability of the Cinnaminson Guarantor shall be limited solely to the Cinnaminson Guaranteed Obligations and such Cinnaminson Guarantor shall have no liability whatsoever (whether joint and several or otherwise) in respect of any Guaranteed Obligations, other than the Cinnaminson Guaranteed Obligations. For the avoidance of doubt, nothing in the foregoing sentence shall be deemed to affect the joint and several liability of the Guarantors (other than the Cinnaminson Guarantor) for all Guaranteed Obligations (including the Cinnaminson Guaranteed Obligations).

**5.7 Headings.** Section headings are for convenience of reference only and shall in no way affect the interpretation of this Guaranty.

**5.8 Recitals.** The recital and introductory paragraphs hereof are a part hereof, form a basis for this Guaranty and shall be considered *prima facie* evidence of the facts and documents referred to therein.

**5.9 Counterparts.** To facilitate execution, this Guaranty may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of, or on behalf of, each party, or that the signature of all Persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this Guaranty to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each of the parties hereto. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

**5.10 Rights and Remedies.** If Guarantor becomes liable for any indebtedness owing by Borrower to Lenders, by endorsement or otherwise, other than under this Guaranty, such liability shall not be in any manner impaired or affected hereby and the rights of Agent and Lenders hereunder shall be cumulative of any and all other rights that Agent and Lenders may ever have against Guarantor. The exercise by Agent and Lenders of any right or remedy hereunder or under any other instrument, or at law or in equity, shall not preclude the concurrent or subsequent exercise of any other right or remedy.

**5.11 Other Defined Terms.** Any capitalized term utilized herein shall have the meaning as specified in the Loan Agreement, unless such term is otherwise specifically defined herein.

**5.12 Entirety.** THIS GUARANTY EMBODIES THE FINAL AND ENTIRE AGREEMENT OF GUARANTOR, AGENT AND LENDERS WITH RESPECT TO GUARANTOR'S GUARANTY OF THE GUARANTEED OBLIGATIONS AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF. THIS GUARANTY IS INTENDED BY GUARANTOR, AGENT AND LENDERS AS A FINAL AND COMPLETE EXPRESSION OF THE TERMS OF THE GUARANTY, AND NO COURSE OF DEALING BETWEEN GUARANTOR AND AGENT AND/OR LENDERS, NO COURSE OF PERFORMANCE, NO TRADE PRACTICES, AND NO EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OR OTHER EXTRINSIC EVIDENCE OF ANY NATURE SHALL BE USED TO CONTRADICT, VARY, SUPPLEMENT OR MODIFY ANY TERM OF THIS GUARANTY AGREEMENT. THERE ARE NO ORAL AGREEMENTS BETWEEN GUARANTOR AND AGENT AND/OR LENDERS.

**5.13 Waiver of Right To Trial By Jury.** GUARANTOR HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS GUARANTY, THE NOTES, THE LOAN AGREEMENT, THE SECURITY INSTRUMENTS, OR THE OTHER LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY GUARANTOR, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. AGENT AND LENDERS ARE HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY GUARANTOR.

**5.14 Reinstatement in Certain Circumstances.** If at any time any payment of the principal of or interest under the Guaranteed Notes or any other amount payable by Borrower under the Loan Documents is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy, or reorganization of Borrower or otherwise, Guarantor's obligations

hereunder with respect to such payment shall be reinstated as though such payment has been due but not made at such time.

**5.15 Recourse Limitations.** Notwithstanding anything to the contrary contained herein, in no event shall Lenders have any recourse to any partner, shareholder, member, officer, director, employee, or agent of Guarantor for any liability of the Guaranteed Obligations or any representations, warranties or other covenants made by Guarantor in this Guaranty. The person signing this Guaranty on behalf of each Guarantor is signing in his/her corporate capacity and not in an individual capacity.

**5.16 Termination of Obligations.** Subject to Section 5.14 of this Guaranty, this Guaranty and the obligations of Guarantor hereunder shall terminate at such time as the entire principal amount of the Guaranteed Notes, together with all amounts (including accrued interest) due under the Loan Agreement in respect of such Guaranteed Notes, is paid in full in cash. Upon the termination of this Guaranty in accordance with the foregoing sentence, Agent shall, upon the written request and at the expense of Guarantor, release the Liens of the Security Instruments on the Property.

**5.17 Loan Document.** For all purposes and respects, this Guaranty is a Loan Document.

**5.18 Actions or Proceedings under Insolvency Laws.** Any provision of this Guaranty to the contrary notwithstanding, in any action or proceeding under Insolvency Laws (as defined below) affecting Guarantor or any Person owning a direct or indirect interest in Guarantor, if the obligations or liabilities of Guarantor under this Guaranty or any other Loan Document to which Guarantor is a party, would otherwise be held or determined to be void, invalid or unenforceable because of the amount of such obligations or liability of Guarantor, then the amount of such obligations or liability of Guarantor shall, without any further action by such person, be automatically limited and reduced to the highest amount that is valid, enforceable and not void. As used herein, the term “**Insolvency Laws**” means all applicable state and federal laws governing bankruptcy, reorganization, insolvency of debtors or the rights of creditors generally, including laws relating to fraudulent conveyances and fraudulent transfers.

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**EXECUTED** as of the day and year first above written.

**GUARANTOR:**

NEW PLAN ERT HD FLORIDA, LLC, a Delaware limited liability company

By: /s/ Steven Siegel  
Name: Steven Siegel  
Title: Executive Vice President

CENTRO NP LLC, a Maryland limited liability company

By: /s/ Steven Siegel  
Name: Steven Siegel  
Title: Executive Vice President

EXCEL REALTY TRUST – NC, a North Carolina general partnership

By: NC Properties #1 LLC, a Delaware limited liability company, its general partner

By: /s/ Steven Siegel  
Name: Steven Siegel  
Title: Executive Vice President

By: NC Properties #2 LLC, a Delaware limited liability company, its general partner

By: /s/ Steven Siegel  
Name: Steven Siegel  
Title: Executive Vice President

[SIGNATURES CONTINUE ON NEXT PAGE]

NEW PLAN CINNAMINSON URBAN  
RENEWAL, LLC, a New Jersey limited liability  
company

By: /s/ Steven Siegel  
Name: Steven Siegel  
Title: Executive Vice President

NEW PLAN OF CINNAMINSON, L.P., a  
Delaware limited partnership

By: Centro NP LLC, a Maryland limited  
liability company, its general partner

By: /s/ Steven Siegel  
Name: Steven Siegel  
Title: Executive Vice President

HK NEW PLAN EXCHANGE PROPERTY  
OWNER I, LLC, a Delaware limited liability  
company

By: /s/ Steven Siegel  
Name: Steven Siegel  
Title: Executive Vice President

NEW PLAN OF MEMPHIS COMMONS, LLC, a  
Delaware limited liability company

By: /s/ Steven Siegel  
Name:  
Title:

[SIGNATURES CONTINUE ON NEXT PAGE]

NEW PLAN HICKORY HOLLOW OWNER,  
LLC, a Delaware limited liability company

By: /s/ Steven Siegel  
Name: Steven Siegel  
Title: Executive Vice President

CENTRO NP, ERT, LLC, a Delaware limited  
liability company

By: /s/ Steven Siegel  
Name: Steven Siegel  
Title: Executive Vice President