

Quarterly Report
For the quarterly period ended September 30, 2011

BRIXMOR LLC

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

MARYLAND
(State or other jurisdiction of
incorporation of organization)

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)

CENTRO NP LLC

(Former name or former address, if changed since last report)

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Forward-Looking Statements

All references to “we,” “us,” “our,” “ours,” or the “Company” in this report refer to Brixmor LLC (formerly Centro NP LLC) and its wholly owned and majority owned subsidiaries and consolidated entities.

This Quarterly Report, together with other statements and information publicly disseminated by Brixmor LLC, contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, 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, (i) national or local economic, business, real estate and other market conditions, including the ability of the general economy to recover in a timely fashion from economic downturns; (ii) property ownership risks; (iii) 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; (iv) liquidity risks, including (a) the inability to refinance our short-term and long-term indebtedness on favorable terms or at all, (b) our reliance upon distributions from joint ventures which we do not control for a substantial portion of our working capital, and (c) our potential need to complete asset sales in order to repay our long-term indebtedness; (v) downgrades, and possible future downgrades, in our credit rating; (vi) risks of redevelopments to be completed on time and within budget and to perform as expected; (vii) risks of joint venture activities, which are significantly influenced by our joint venture partners; (viii) the level and volatility of interest rates; (ix) environmental/safety requirements and costs; (x) governmental approvals, actions and initiatives; (xi) the competitive environment in which we operate; (xii) risks associated with the disposition of properties; and (xiii) other risks identified in this Quarterly Report or in other documents that we publicly disseminate.

Except as may be required by law, 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

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

	Three Months Ended September 30, 2011 (Successor)	Period from June 28, through September 30, 2011 (Successor)	Period from January 1, through June 27, 2011 (Predecessor)	Three Months Ended September 30, 2010 (Predecessor)	Nine Months Ended September 30, 2010 (Predecessor)
Revenues:					
Rental income	\$56,421	\$58,374	\$105,546	\$54,379	\$165,110
Percentage rents	580	607	976	611	2,295
Expense reimbursements	14,230	14,694	27,295	13,829	46,222
Fee income	<u>399</u>	<u>379</u>	<u>8,095</u>	<u>3,812</u>	<u>11,010</u>
Total revenues	<u>71,630</u>	<u>74,054</u>	<u>141,912</u>	<u>72,631</u>	<u>224,637</u>
Operating Expenses:					
Operating costs	14,877	15,449	26,122	14,034	41,118
Real estate taxes	10,153	10,532	18,862	10,202	30,457
Depreciation and amortization	38,270	39,304	50,354	26,885	84,324
Provision for doubtful accounts	1,239	1,279	2,102	709	2,970
Impairment of real estate	--	--	--	--	32,862
Impairment of intangibles	--	--	76,548	--	--
General and administrative	<u>858</u>	<u>866</u>	<u>5,467</u>	<u>3,637</u>	<u>7,758</u>
Total operating expenses	<u>65,397</u>	<u>67,430</u>	<u>179,455</u>	<u>55,467</u>	<u>199,489</u>
Income (loss) from continuing operations before income of investments accounted for under the equity method, interest, other income and income taxes	6,233	6,624	(37,543)	17,164	25,148
Other income and expenses:					
Interest, dividend and other income	1,859	1,933	1,706	1,318	3,283
Equity in income of unconsolidated ventures	(22,875)	(24,803)	(82)	2,274	5,192
Impairment of investment in unconsolidated ventures	--	--	--	--	(1,339)
Interest expense	<u>(23,092)</u>	<u>(24,428)</u>	<u>(44,991)</u>	<u>(24,632)</u>	<u>(62,419)</u>
Total other expenses, net	<u>(44,108)</u>	<u>(47,298)</u>	<u>(43,367)</u>	<u>(21,040)</u>	<u>(55,283)</u>
Loss from continuing operations before income tax	(37,875)	(40,674)	(80,910)	(3,876)	(30,135)
Deferred income tax expense	<u>--</u>	<u>--</u>	<u>--</u>	<u>(12,566)</u>	<u>(12,566)</u>
Loss from continuing operations	<u>(37,875)</u>	<u>(40,674)</u>	<u>(80,910)</u>	<u>(16,442)</u>	<u>(42,701)</u>
Discontinued operations:					
Income from discontinued operations	<u>(21)</u>	<u>(4)</u>	<u>34</u>	<u>18</u>	<u>781</u>
Net loss	(37,896)	(40,678)	(80,876)	(16,424)	(41,920)
Net (loss) gain attributable to non controlling interests in partnerships	(30)	(31)	(116)	26	(81)
Net loss attributable to redeemable non-controlling interests in partnerships	<u>(325)</u>	<u>(336)</u>	<u>(636)</u>	<u>(334)</u>	<u>(981)</u>
Net loss attributable to Brixmor LLC	<u><u>\$(38,251)</u></u>	<u><u>\$(41,045)</u></u>	<u><u>\$(81,628)</u></u>	<u><u>\$(16,732)</u></u>	<u><u>\$(42,982)</u></u>
Other comprehensive loss					
Unrealized gain (loss) on available-for-sale securities	<u>--</u>	<u>--</u>	<u>(32)</u>	<u>42</u>	<u>43</u>
Comprehensive loss attributable to Brixmor LLC	<u><u>\$(38,251)</u></u>	<u><u>\$(41,045)</u></u>	<u><u>\$(81,660)</u></u>	<u><u>\$(16,690)</u></u>	<u><u>\$(42,939)</u></u>

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

BRIXMOR LLC (FORMERLY CENTRO NP LLC) AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

	September 30, 2011	December 31, 2010
	(Unaudited)	(Predecessor)
	(Successor)	(Predecessor)
ASSETS		
Real estate:		
Land	\$510,404	\$767,609
Building and improvements	1,665,781	1,564,763
Accumulated depreciation and amortization	<u>(19,337)</u>	<u>(196,417)</u>
Net real estate	2,156,848	2,135,955
Real estate held for sale	2,020	--
Cash and cash equivalents	21,940	98,208
Restricted cash	35,166	31,140
Marketable securities	24,331	20,208
Receivables:		
Trade, net of allowance for doubtful accounts of \$14,550 and \$14,536 at September 30, 2011 and December 31, 2010, respectively	24,714	27,873
Deferred rent, net of allowance of \$67 and \$1,000 at September 30, 2011 and December 31, 2010, respectively	1,765	15,784
Due from related party	8,013	17,888
Other, net	7,221	11,967
Prepaid expenses and deferred charges	9,998	48,272
Investments in/advances to unconsolidated ventures	837,699	455,242
Intangible assets, net of accumulated amortization of \$19,448 and \$238,205 at September 30, 2011 and December 31, 2010, respectively	208,459	269,813
Deferred tax assets, net of allowance	381	34,998
Other assets	<u>780</u>	<u>682</u>
Total assets	<u>\$3,339,335</u>	<u>\$3,168,030</u>
LIABILITIES AND EQUITY		
Liabilities:		
Mortgages payable, including unamortized premium of \$68,011 and \$4,146 at September 30, 2011 and December 31, 2010, respectively	\$999,949	\$884,350
Notes payable, including unamortized (discount) premium of \$30,160 and \$21,039 at September 30, 2011 and December 31, 2010, respectively	499,850	693,166
Capital leases, including unamortized discount of \$236 and \$0 at September 30, 2011 and December 31, 2010, respectively	28,113	28,904
Deferred tax liability	381	34,998
Other liabilities	67,117	80,481
Due to related parties	1,873	14,732
Below market leases, net of accumulated amortization of \$4,867 and \$128,248 as of September 30, 2011 and December 31, 2010, respectively	122,759	101,151
Tenant security deposits	<u>4,598</u>	<u>4,990</u>
Total liabilities	<u>1,724,640</u>	<u>1,842,772</u>
Redeemable non-controlling interests in partnerships	<u>21,559</u>	<u>21,559</u>
Commitments and contingencies	--	--
Members' equity:		
Members' equity	1,632,970	2,804,583
Accumulated other comprehensive loss	(305)	(5)
Accumulated losses	<u>(41,045)</u>	<u>(1,502,231)</u>
Total Brixmor LLC equity	1,591,620	1,302,347
Non-controlling interest in partnerships	<u>1,516</u>	<u>1,352</u>
Total equity	<u>1,593,136</u>	<u>1,303,699</u>
Total liabilities and equity	<u>\$3,339,335</u>	<u>\$3,168,030</u>

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

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

	Period from June 28, through September 30, 2011 (Successor)	Period from January 1, through June 27, 2011 (Predecessor)	Nine Months Ended September 30, 2010 (Predecessor)
Cash flows from operating activities:			
Net loss	\$(40,678)	\$(80,876)	\$(41,920)
Adjustments to reconcile net loss to net cash provided by (used in) operations:			
Depreciation and amortization	39,304	50,354	84,324
Amortization of net premium/discount on mortgages and notes payable	(501)	(2,117)	(3,299)
Amortization of deferred debt and loan acquisition Costs	247	1,334	1,401
Amortization of asset retirement liabilities	--	41	61
Amortization of below market leases	(4,728)	(11,030)	(18,617)
Impairment of real estate	--	--	32,862
Impairment of investments accounted for under the equity method	--	--	1,339
Impairment of intangible assets	--	76,548	--
Unrealized loss on financial instruments	21	--	601
Loss on sale of marketable securities	--	618	22
(Gain) loss on sale of discontinued operations, net	--	--	(675)
Equity in (loss) income of unconsolidated ventures	24,803	82	(5,192)
Deferred income tax expense	--	--	12,566
Changes in operating assets and liabilities, net:			
Change in restricted cash	(494)	(3,532)	(6,353)
Change in trade receivables	(10,785)	2,916	(434)
Change in deferred rent receivables	(1,765)	(897)	(3,837)
Change in other receivables and due from related parties	2,032	(6,503)	626
Change in other liabilities and due from related parties	(19,178)	22,481	(52,963)
Change in tenant security deposits	(136)	(457)	(552)
Change in prepaid expenses, deferred charges and \ other assets	<u>803</u>	<u>(7,350)</u>	<u>1,879</u>
Net cash (used in) provided by operating activities	<u>(11,055)</u>	<u>41,612</u>	<u>1,839</u>
Cash flows from investing activities:			
Real estate acquisitions and building improvements	(10,810)	(21,218)	(20,195)
Proceeds from sale of investment property	719	--	--
Proceeds from sale of marketable securities, net	468	11,453	6,574
Purchase of marketable securities	(1,006)	(10,984)	(7,321)
Capital contributions to unconsolidated joint ventures	--	(35,510)	(193)
Distributions of income from unconsolidated joint ventures	<u>22,769</u>	<u>53,030</u>	<u>37,212</u>
Net cash provided by (used in) investing activities	<u>12,140</u>	<u>(3,229)</u>	<u>16,077</u>
Cash flows from financing activities:			
Principal payments of mortgages, capital leases and notes payable	(21,722)	(149,214)	(188,947)
Proceeds from borrowing	80,000	--	728,000
Repayment of credit facility	--	--	(469,253)
Financing fees	(2,003)	--	(21,889)

Distributions to non-controlling interests	(334)	(636)	(980)
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	Period from June 28, through September 30, 2011 (Successor)	Period from January 1, through June 27, 2011 (Predecessor)	Nine Months Ended September 30, 2010 (Predecessor)
Restricted cash related to financing activities	23,587	(23,587)	--
Contributions from parent	--	51,926	--
Distributions of capital from unconsolidated joint venture	454,093	--	--
Distributions to members/parent	<u>(527,846)</u>	--	<u>(31,168)</u>
Net cash provided by (used in) financing activities	<u>5,775</u>	<u>(121,511)</u>	<u>15,763</u>
Net increase (decrease) in cash and cash Equivalents	6,860	(83,128)	33,679
Cash and cash equivalents at beginning of period	<u>15,080</u>	<u>98,208</u>	<u>47,589</u>
Cash and cash equivalents at end of period	<u>\$21,940</u>	<u>\$15,080</u>	<u>\$81,268</u>

This statement of cash flows includes non-cash components.

Supplemental Cash Flow Disclosure, including Non-Cash Activities:

Value of 21 properties conveyed to the Company in connection with the Transaction (Note 2)	\$90,754	\$--	\$--
Value of increased ownership interest in Brixmor GA America LLC in connection with the Transaction (Note 2)	132,671	--	--
Value of 156 assets conveyed to Brixmor Residual Holding LLC (Note 2)	579,502	--	--
Value of ownership interests in ERT Australian Management, LP	828	--	--
Cash paid for interest	33,981	45,441	82,070
Capitalized interest	64	120	181
State and local taxes paid	--	1,178	14

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

BRIXMOR LLC (FORMERLY CENTRO NP LLC) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Description of Business

In September 2011, Centro NP LLC changed its name to Brixmor LLC. Additionally, BRE Retail Holdings Inc. changed its name to Brixmor Property Group Inc. All references to “we,” “us,” “our,” “ours,” “Brixmor ” or the “Company” in these notes refer to Brixmor LLC (formerly Centro NP LLC) and its wholly-owned and majority owned subsidiaries and consolidated entities, unless the context indicates otherwise. As used herein, the term “Predecessor” refers to the Company prior to the Transaction (as defined below), and the term “Successor” refers to the Company subsequent to the Transaction. The principal business of the Company is the ownership of community and neighborhood shopping centers throughout the United States.

As of September 30, 2011, and including properties transferred to the Company in connection with the Transaction (as defined below), the Company owned interests in 585 properties (the “Total Portfolio”) in 39 states, including 173 wholly-owned properties and one property held through a consolidated joint venture (collectively, our “Consolidated Portfolio”), as well as 411 properties held through unconsolidated joint ventures. The 585 properties include 563 community and neighborhood shopping centers with approximately 90.7 million square feet of gross leasable area (“GLA”), and 22 related retail assets with approximately 1.2 million square feet of GLA. Of the 22 related retail assets, nine represent land parcels. The Company’s Consolidated Portfolio includes 161 community and neighborhood shopping centers with approximately 24.9 million square feet of GLA and 13 related retail assets with approximately 0.6 million square feet of GLA. Of the 13 related retail assets, six represent land parcels. As of September 30, 2011, the GLA for the Company’s Consolidated Portfolio was approximately 83% leased, the GLA for the Company’s Total Portfolio, including its pro rata share of joint venture properties, was approximately 87% leased and the GLA for the Company’s Total Portfolio, including 100% of its joint venture properties, was approximately 88% leased.

As a result of the acquisition and financing transactions detailed in Note 2, the Members’ Equity of the Company increased by approximately \$355.4 million from approximately \$1.3 billion as of June 28, 2011, to approximately \$1.6 billion as of September 30, 2011. The ownership interest in 21 retail shopping center assets which were not previously wholly owned by the Company or its subsidiaries as of such date were conveyed to the Company or its subsidiaries by certain affiliated entities pursuant to interest assignments, contribution agreements or deeds, which resulted in an increase to the Company’s real estate assets. The Company’s Investment in/advances to unconsolidated ventures increased due to (i) the Company’s increased ownership interest in Brixmor GA America LLC (formerly, Centro GA America LLC), which increased from 5% to 49%; and (ii) the Company’s, via its 49% interest in Brixmor Residual Holding LLC (formerly, Centro NP Residual Holding LLC) (“Residual”), acquisition of an additional 156 retail shopping center assets, which were conveyed to Residual. These increases were offset by amounts distributed by Residual to the Company, representing a portion of loan proceeds from certain new financings relating to the Transaction obtained by indirect subsidiaries of Residual.

In connection with the closing of the Transaction, the debt outstanding under the Super Bridge Loan (as defined below) of approximately \$1.7 billion was repaid in full and hence, the restrictions on incurring additional indebtedness under the Super Bridge Loan are no longer applicable. Additionally, any collateral for Super Bridge Loan debt that was in place prior to the loan being repaid has been released.

Note 2: Acquisition and Financing Transaction

Transaction

On February 28, 2011, Brixmor’s then ultimate parent investors, Centro Properties Limited (“CPL”) and Centro Property Trust (“CPT”) and their managed funds entered into a stock purchase agreement with Brixmor Property Group Inc. (formerly BRE Retail Holdings Inc.) (“BPG”), an affiliate of Blackstone Real Estate Partners VI, L.P. (“Blackstone”), to sell all of their U.S. assets and management platform, including the indirect ownership interests in Brixmor (the “Transaction”).

BRIXMOR LLC (FORMERLY CENTRO NP LLC) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On June 28, 2011, BPG, CPL and CPT and certain of their managed funds closed the Transaction. As a result of the closing of the Transaction, BPG and certain of its affiliates acquired indirect control of the Company from CPL and CPT and certain of their managed funds by purchasing 100% of the equity interests in the six equity holders of Super LLC, the Company's sole member. Following the Transaction, the Company continues to be owned by Super LLC, but is now a wholly-owned, indirect subsidiary of BPG.

In connection with the closing of the Transaction, on June 28, 2011, (i) the ownership interests in 21 retail shopping center assets which were not wholly-owned by the Company or its subsidiaries as of such date were conveyed to the Company or its subsidiaries by certain affiliated entities pursuant to interest assignments, contribution agreements or deeds, which ownership interests relate to the following retail shopping center assets: Kroger (Alabama), Broadway Mesa (Arizona), Milford Center (Connecticut), Village at Southlake (Georgia), Kentwood (Michigan), Farmington Crossroads (Michigan), Westland Crossing (Michigan), Brookdale Square (Minnesota), La Vista (Nebraska), Suburban Plaza (New Jersey), A&P Mamaroneck (New York), Roanoke Landing (North Carolina), Alexis Park (Ohio), Southland South (Ohio), Starlite Plaza (Ohio), Bradford Mall (Pennsylvania), Pilgrim Gardens (Pennsylvania), East Main Centre (South Carolina), Chapman-Ford Crossing (Tennessee), Kimball Crossing (Tennessee) and Strawbridge (Virginia); (ii) the Company's ownership interest in Brixmor GA America LLC increased from 5% to 49%; (iii) the Company, via its 49% interest in Residual, acquired an interest in an additional 156 retail shopping center assets that were conveyed to Residual by certain of its affiliated entities (other than the Company and its entities) pursuant to interest assignments, contribution agreements or deeds; and (iv) the ownership interests in ERT Australian Management, LP, a property manager for 98 properties, were distributed by subsidiaries of the Company to subsidiaries of Super LLC.

On June 28, 2011, in connection with the closing of the Transaction, certain wholly-owned subsidiaries of the Company (such subsidiaries being referred to herein as the "Borrowers") obtained an \$80.0 million mortgage loan (the "Mortgage Loan") from Wells Fargo Bank, National Association, which loan is secured by, among other things, mortgages, assignments of rents and pledges of collection accounts with respect to eight retail shopping centers (the "Mortgaged Properties"). Additionally, BPG provides a guaranty to the lender under the Mortgage Loan for certain customary recourse carveout liabilities.

The Mortgage Loan bears interest at a rate equal to LIBOR (subject to a 0.75% floor) plus a spread of 2.5%, payable monthly, and is scheduled to mature on July 1, 2013, subject to three one-year extension options. The Mortgage Loan is non-recourse to the Company, the Borrowers and BPG, subject, in the case of the Borrowers and BPG only, to certain customary recourse carveouts.

The Mortgage Loan contains various representations, warranties and covenants customary for financings of this type.

Defaults under the Mortgage Loan include, among other things, the failure to pay interest or principal when due, material misrepresentations, unpermitted transfers of the Mortgaged Properties, bankruptcy of a Borrower or BPG, failure to maintain required insurance and failure to observe other covenants under the Mortgage Loan.

The Company may voluntarily repay the Mortgage Loan, in whole or in part, at its option at any time upon ten business days' prior notice, subject to certain restrictions, at par plus accrued and unpaid interest and subject to payment of customary "breakage" costs but without payment of any penalty or premium other than a prepayment premium for voluntary prepayments to the extent the aggregate of such prepayments exceeds \$16.0 million.

In connection with the closing of the Transaction, the Company distributed approximately \$460.0 million in cash to Super LLC, the Company's sole member, representing (i) loan proceeds from the Mortgage Loan (less amounts used to repay indebtedness and related fees and expenses) and (ii) amounts distributed by Residual to the Company (on account of the Company's 49% interest in Residual) representing a portion of loan proceeds from certain new financings relating to the Transaction obtained by certain subsidiaries of Residual.

In connection with the closing of the Transaction and the closing of the Mortgage Loan, approximately \$14.0 million of secured debt of four wholly-owned subsidiaries of the Company was repaid.

BRIXMOR LLC (FORMERLY CENTRO NP LLC) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounting Treatment

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

The aggregate purchase price of the acquisition has been allocated in accordance with ASC 805 at the date of acquisition, based on the Company’s evaluation of information and estimates available at such date. The purchase price was pushed down to the Company’s financial statements in accordance with ASC 805-50-S99-1, *New Basis of Accounting Required in Certain Circumstances*. When using the push down basis of accounting, the acquired company’s separate financial statements reflect the new accounting basis recorded by the acquiring company. Accordingly, all assets and liabilities were recorded at their fair values at the time of acquisition. As final information regarding the fair value of the assets acquired and liabilities assumed is received and estimates are refined, appropriate adjustments will be made to the purchase price allocation. The allocations will be finalized no later than 12 months from the date of acquisition. The following represents the acquisition balance sheet as of June 28, 2011, and does not include (i) the conveyance of the ownership interests in 21 retail shopping center assets which were not wholly-owned by the Company or its subsidiaries as of such date; (ii) the Company’s increased ownership interest in Brixmor GA America LLC; (iii) the Company’s acquired interest, via its 49% interest in Residual, in an additional 156 retail shopping center assets that were conveyed to Residual; (iv) the distribution of the ownership interests in ERT Australian Management, LP; and (v) the Mortgage Loan (dollars in thousands):

ASSETS

Net real estate	\$2,085,685
Cash and cash equivalents	15,080
Restricted cash	58,258
Marketable securities	19,140
Receivables:	
Trade, net of allowance for doubtful accounts	13,631
Due from related parties	21,194
Other, net	7,133
Prepaid expenses and deferred charges	6,628
Investments in/advances to unconsolidated ventures	530,654
Intangible assets, net of accumulated amortization	221,923
Deferred tax asset	327
Other assets	801
Total assets	<u>\$2,980,454</u>

LIABILITIES AND MEMBERS’ CAPITAL

Liabilities:	
Mortgages payable, including unamortized premium	\$947,004
Notes payable, net of unamortized premium	497,851
Capital leases	28,298
Other liabilities	84,426
Below market leases, net	126,674
Deferred tax liability	327
Tenant security deposits	4,533
Total liabilities	<u>1,689,113</u>

Minority interest in consolidated partnership and joint ventures 21,559

Commitments and contingencies --

BRIXMOR LLC (FORMERLY CENTRO NP LLC) AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Members' equity:	
Members' equity	<u>1,268,296</u>
Total Brixmor LLC equity	<u>1,268,296</u>
Non-controlling interest in partnerships	<u>1,486</u>
Total equity	<u>1,269,782</u>
Total liabilities and members' equity	<u>\$2,980,454</u>

Note 3: Summary of Significant Accounting Policies

The following summary of significant accounting policies details the Company's policies under normal operating conditions. For accounting treatment pertaining to the Transaction, please refer to Note 2.

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

In the opinion of management, the accompanying consolidated financial statements contain all adjustments necessary to present fairly the Company's financial position as of September 30, 2011 and December 31, 2010, and the Company's results of operations and cash flows for the three months ended September 30, 2011 and 2010, the period from June 28, 2011 through September 30, 2011, the period from January 1, 2011 through June 27, 2011 and the nine months ended September 30, 2010.

Principles of Consolidation

The accompanying consolidated financial statements of the Company include accounts of its wholly-owned subsidiaries and all partnerships in which it has a controlling interest. The portion of these entities not owned by the Company is presented as non-controlling interest as of and during the periods presented. All inter-company transactions have been eliminated.

When the Company obtains an economic interest in an entity, the Company evaluates the entity to determine (i) if the entity is a variable interest entity ("VIE"), (ii) if the Company is the primary beneficiary, in accordance with the FASB ASC 810, *Consolidations* ("ASC 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 in accordance to the rules of the Securities Exchange Commission ("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 Company should be read in conjunction with the Company's audited Annual Report for the year ended December 31, 2010.

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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 September 30, 2011, 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 \$14.6 million and \$14.5 million as of September 30, 2011 and December 31, 2010, 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.

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.

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,

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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 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 *ASC 360 Property, Plant and Equipment ("ASC 360")*. The probability weighting takes into consideration the likelihood of disposal of each asset. There was no impairment identified during the period from June 28, 2011 through September 30, 2011, the period from January 1, 2011 through June 27, 2011 or during the three months and nine months ended September 30, 2010.

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. As of September 30, 2011, one property was classified as held for sale.

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

Deferred Leasing and Loan Origination Costs

Costs incurred in obtaining tenant leases (including internal leasing costs) are amortized using the straight-line method over the terms of the related leases and included in depreciation and amortization. Unamortized

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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 ASC 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.

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 December 31, 2010 as part of its impairment analysis in accordance with ASC 350, *Intangibles-Goodwill and Other*. Based on the results of such review, no impairment was recorded for the year ended December 31, 2010. Based on the results of a review of the existence of impairment indicators at June 27, 2011, the Company recorded approximately \$76.5 million of impairment on its management contracts for the period ended June 27, 2011. There was no impairment recorded for the period June 28, 2011 through September 30, 2011.

Asset Retirement Obligations

The Company accounts for its conditional asset retirement obligations in accordance with ASC 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. As of September 30, 2011, the Company does not believe it can reasonably estimate any potential settlement dates for its asset retirement obligations, and, therefore, it cannot reasonably estimate the fair value of its conditional asset retirement obligations. Accordingly, the Company has not recorded any liability for its conditional asset retirement obligations. As of December 31, 2010, the Company had reasonably estimated the fair value of its conditional asset retirement obligations and had recognized a liability for conditional asset retirement obligations of approximately \$1.4 million.

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

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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, or aggregate claims in excess of \$5.4 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. ERT CIC reports on a quarterly lag.

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. 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. Rental revenue also includes lease termination fees. The Company recognized approximately \$0.1 million and \$0 of lease termination fees for the three months ended September 30, 2011 and 2010, respectively, and \$0.4 million, \$0.1 million and \$0.5 million of lease termination fees for the period from January 1, 2011 through June 27, 2011, the period from June 28, 2011 through September 30, 2011 and the nine months ended September 30, 2010, respectively.

Income from Discontinued Operations

Income from discontinued operations is computed in accordance with ASC 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 ASC 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, but remains subject to certain state and local taxes (see Note 14). However, the Company has a wholly-owned corporate subsidiary, which is subject to federal and state income taxes. The taxable subsidiary accounts for income taxes and the related accounts under the liability method. Deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted rates expected to be in effect during the year in which the basis differences reverse.

ASC 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 analyzed its tax position taken on income tax returns for the 2007 through 2011 tax years and has concluded that no provision for income taxes related to uncertain tax positions is required in the Company's consolidated financial statements as of September 30, 2011 and December 31, 2010. In addition, the Company is generally no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2007.

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

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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, and other intangible assets, recovery of notes and trade accounts receivable and depreciable lives.

Reclassifications

In accordance with ASC 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 and Recently Issued Accounting Standards

In January 2010, the FASB issued guidance on improving disclosures about fair value measurements. The guidance requires additional disclosure on transfers in and out of Levels I and II fair value measurements in the fair value hierarchy and the reasons for such transfers. In addition, for fair value measurements using significant unobservable inputs (Level III), the reconciliation of beginning and ending balances shall be presented on a gross basis, with separate disclosure of gross purchases, sales, issuances and settlements and transfers in and transfers out of Level III. The new guidance also requires enhanced disclosures on the fair value hierarchy to disaggregate disclosures by each class of assets and liabilities. In addition, an entity is required to provide further disclosures on valuation techniques and inputs used to measure fair value for fair value measurements that fall in either Level II or Level III. The guidance is effective for interim and annual periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level III fair value measurements, which are effective for fiscal years beginning after December 15, 2010. The Company adopted the guidance, excluding the reconciliation of Level III activity, with the issuance of its December 31, 2010 financial statements.

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

It has been determined that any recently issued accounting standards or pronouncements not mentioned in this Note 3 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 4: Acquisitions and Dispositions

Acquisitions

In addition to the Transaction (which resulted in the conveyance to the Company of 21 retail shopping centers, the conveyance of 156 retail shopping centers to Residual and increased the Company's ownership interest in Brixmor GA America LLC to 49%) (Note 2), during the nine months ended September 30, 2011, the Company acquired approximately 5.575 acres of land adjacent to an existing, wholly-owned shopping center in Florence, KY for approximately \$1.0 million. There were no acquisitions during the period from January 1, 2011 through June 27, 2011, or the year ended December 31, 2010.

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Dispositions

During the nine months ended September 30, 2011, the Company sold approximately 1.1 acres of land in Apopka, FL for aggregate gross proceeds of approximately \$0.8 million. The Company did not dispose of any properties during the three or nine months ended September 30, 2010. During the year ended December 31, 2010, the Company sold approximately 1.124 acres of land in Denham Springs, LA for aggregate gross proceeds of approximately \$0.2 million. In connection with the sales of the parcels, and in accordance with ASC 360, the Company recorded the related gains on sale within income (loss) from discontinued operations (Note 5) in the consolidated financial statements.

Note 5: 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 September 30, 2011 (Successor)	Period from June 28 through September 30, 2011 (Successor)	Period from January 1 through June 27, 2011 (Predecessor)	Three Months Ended September 30, 2010 (Predecessor)	Nine Months Ended September 30, 2010 (Predecessor)
Total revenue	<u>\$86</u>	<u>\$2</u>	<u>\$(92)</u>	<u>\$97</u>	<u>\$234</u>
Operating costs	(69)	(2)	--	--	(4)
Real estate taxes	(36)	(2)	--	--	(11)
Depreciation and amortization	--	--	1	--	(1)
Provision for doubtful accounts	--	(2)	125	(79)	(112)
General and administrative	<u>(2)</u>				
Total operating costs	<u>(107)</u>	<u>(6)</u>	<u>126</u>	<u>(79)</u>	<u>(128)</u>
(Loss) income from discontinued operations before gain on sale of real estate	(21)	(4)	34	18	106
Gain on sale of real estate	--	--	--	--	<u>675</u>
(Loss) income from discontinued operations	<u>\$(21)</u>	<u>\$(4)</u>	<u>\$34</u>	<u>\$18</u>	<u>\$781</u>

Note 6: Investments in/Advances to Unconsolidated Ventures

The following table summarizes the Company's investments in unconsolidated joint ventures as of September 30, 2011 and December 31, 2010, respectively (dollars in thousands). The Company accounts for these investments using the equity method.

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				September 30, 2011 Percent Ownership	Investments in/Advances to Unconsolidated Ventures	
	<u>City</u>	<u>State</u>	<u>JV Partner</u>		September 30, 2011 (Successor)	December 31, 2010 (Predecessor)
Arapahoe Crossings, L.P. ⁽¹⁾	Aurora	CO	Foreign Investor	30%	\$5,296	\$8,628
BPR Land Partnership, L.P. ⁽²⁾	Frisco	TX	George Allen/Milton Schaffer	50%	1,034	3,895
BPR South, L.P. ⁽²⁾	Frisco	TX	George Allen/Milton Schaffer	50%	920	417
Brixmor Residual Holding LLC	Various	Various	Super LLC	49%	677,156	420,627
Brixmor GA America LLC ⁽³⁾	Various	Various	Brixmor GA America Inc.	49%	143,528	11,484
NP/I&G Institutional Retail Company II, LLC ⁽⁴⁾	Las Vegas	NV	JPMorgan Investment Management, Inc.	20%	5,160	6,392
NPK Redevelopment I, LLC ⁽⁵⁾	Various	Various	Kmart Corporation (Sears Holding Corp.)	20%	2,860	3,700
NP/SSP Baybrook, LLC ⁽⁵⁾	Webster	TX	JPMorgan Investment Management, Inc.	20%	121	99
Westgate Mall, LLC ⁽⁶⁾	Fairview Park	OH	Pearlmark Real Estate Partners, L.L.C (formerly Transwestern Investment Company)/ The Richard E. Jacobs Group	10%	<u>1,624</u>	<u>--</u>
Investments in/Advances to Unconsolidated Ventures					<u>\$837,699</u>	<u>\$455,242</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⁾ As further discussed in Note 2, prior to June 28, 2011, the Company's percent ownership in this venture was 5%.
⁽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):

Condensed Combined Balance Sheets	September 30, 2011	December 31, 2010
	(Successor)	(Predecessor)
Assets:		
Real estate assets	\$7,369,540	\$4,693,415
Accumulated depreciation	<u>(101,525)</u>	<u>(517,014)</u>
Net real estate	7,268,015	4,176,401
Trade receivables, net of allowance for doubtful accounts	56,975	62,213
Other assets, net of accumulated amortization	<u>970,862</u>	<u>563,497</u>
Total Assets	<u>\$8,295,852</u>	<u>\$4,802,111</u>
Liabilities:		
Mortgages payable, net of unamortized premium	\$5,410,972	\$2,365,497
Term loan	300,000	405,000
Financing liability	139,692	136,664
Amounts payable to the Company	7,676	7,868
Other liabilities	<u>502,043</u>	<u>258,029</u>

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Total liabilities	6,360,383	3,173,058
Total partners' capital	<u>1,935,469</u>	<u>1,629,053</u>
Total liabilities and partners' capital	<u>\$8,295,852</u>	<u>\$4,802,111</u>
Company's share of equity	\$857,368	\$684,861
Basis differential (1)	<u>(19,669)</u>	<u>(229,619)</u>
Investments in / advances to unconsolidated joint ventures	<u>\$837,699</u>	<u>\$455,242</u>

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

	Three Months Ended September 30, 2011 (Successor)	Period from June 28 through September 30, 2011 (Successor)	Period from January 1 through June 27, 2011 (Predecessor)	Three Months Ended September 30, 2010 (Predecessor)	Nine Months Ended September 30, 2010 (Predecessor)
Condensed Combined Statements of Operations					
Rental revenues	\$229,638	\$236,486	\$255,248	\$135,400	\$413,808
Operating expenses	(70,620)	(72,886)	(87,302)	(43,932)	(134,915)
Interest expense	(85,071)	(89,667)	(80,895)	(38,757)	(113,173)
Depreciation and amortization	(122,418)	(125,663)	(80,690)	(45,108)	(143,653)
General and administrative expenses	(1,453)	(1,975)	(7,027)	(2,299)	(7,282)
Other income (expense), net	231	241	470	69	777
Impairment of real estate assets	--	--	--	(3,512)	(17,473)
(Loss) income from discontinued Operations	<u>7</u>	<u>7</u>	<u>(491)</u>	<u>1,302</u>	<u>2,247</u>
Net loss	<u>\$(49,686)</u>	<u>\$(53,457)</u>	<u>\$(687)</u>	<u>\$3,163</u>	<u>\$337</u>
Company's share of net (loss) income	(24,038)	(25,887)	(161)	2,346	285
Basis differential (1)	<u>1,163</u>	<u>1,084</u>	<u>79</u>	<u>(72)</u>	<u>4,907</u>
Equity in (loss) income of unconsolidated ventures	<u>\$(22,875)</u>	<u>\$(24,803)</u>	<u>\$(82)</u>	<u>\$2,274</u>	<u>\$5,192</u>

(1) Represents gain on sale of property and other income and expenses that are excluded for our share of net income.

The following is a brief summary of the unconsolidated joint venture obligations of the Company as of September 30, 2011:

- *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. The joint venture had loans outstanding of approximately \$43.7 million as of September 30, 2011.

No impairment was recorded on the Company's investment in this joint venture during the three months ended September 30, 2011, period from June 28, 2011 through September 30, 2011, or the period from January 1, 2011 through June 27, 2011. An impairment charge of \$0.2 million was recorded on the Company's investment in this joint venture during the year ended December 31, 2010.

- *BPR Land Partnership, L.P.* The Company has a 50% interest in a joint venture that owns approximately 9.6 acres of undeveloped land in Frisco, Texas, after selling approximately 1.1 acres of land on December 6, 2010 for net proceeds of approximately \$0.8 million. Under the terms of this

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joint venture, the Company has agreed to contribute its pro rata share of any capital that might be required by the joint venture. The joint venture had no loans outstanding as of September 30, 2011.

- *BPR South, L.P.* The Company has a 50% interest in a joint venture that owns approximately 2.1 acres of undeveloped land in Frisco, Texas, after selling approximately 3.051 acres of land on December 30, 2010 for net proceeds of approximately \$1.3 million. 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. The joint venture had no loans outstanding as of September 30, 2011.
- *Brixmor Residual Holding LLC.* The Company has a 49% interest in a joint venture with Super LLC, the Company's sole and managing member. In connection with the closing of the Transaction, and the repayment of the Residual Credit Facility and Super Bridge Loan, on June 28, 2011, the Company and Super LLC entered into an amended and restated operating agreement providing for the pro-rata distribution of proceeds between Super LLC (51%) and the Company (49%). *In connection with the closing* of the Transaction, on June 28, 2011, (i) the ownership interests in approximately 156 retail shopping center assets that were not previously owned by subsidiaries of Residual were conveyed to Residual by certain entities affiliated with Residual pursuant to interest assignments, contribution agreements or deeds and (ii) the ownership interests in 11 retail shopping centers that were previously owned by Residual were conveyed to the Company or its subsidiaries pursuant to assignments, contribution agreements or deeds. Accordingly, as of September 30, 2011, Residual owned interests in 291 stabilized retail properties and 14 properties under redevelopment, including the properties contributed to the Inland JV (see below). Additionally, as of September 30, 2011, Residual held an interest in one property held through an unconsolidated joint venture. The Company is not obligated to contribute any additional capital to Residual. Residual had loans outstanding of approximately \$4.4 billion, including amounts owed by the Inland JV, as of September 30, 2011 (including the loans described below).

On June 28, 2011, in connection with the closing of the Transaction, certain subsidiaries of Residual ("Residual Borrowers") obtained an \$1.0 billion mortgage loan from Wells Fargo Bank, National Association, German American Capital Corporation and Barclays Bank PLC, which loan is secured by, among other things, (i) mortgages, assignments of rents and pledges of collection accounts with respect to 107 retail shopping centers and (ii) a guaranty by BPG of certain recourse carveout liabilities. The lenders listed above, as well as CFI CentCo Funding LLC and GSREMP Origination Joint Holding, L.P. also provided \$400.0 million of additional mezzanine financing to certain owned subsidiaries of Residual ("Mezzanine Borrowers") (which own 100% of the interests in the Residual Borrowers), which loans are secured by a pledge of each Mezzanine Borrower's respective interest in its direct Residual Borrower subsidiary. Neither the Company (or any of its subsidiaries), nor Residual is an obligor with respect to the \$1.0 billion mortgage loan or the \$400.0 million of mezzanine loans.

On December 6, 2010, Brixmor/IA Member, LLC (formerly, Centro/IA Member, LLC), a wholly-owned subsidiary of Residual formed a joint venture (the "Inland JV") with Inland American CP Investment, L.L.C. In connection with the formation of the Inland JV, Residual sold approximately 70% of its ownership interest in 25 retail shopping centers with a total value of approximately \$471.0 million to the Inland JV. Following this transaction, Residual, through its subsidiary Brixmor/IA Member, LLC, holds an approximate 30% ownership interest in the Inland JV and Inland American CP Investment, L.L.C. holds an approximate 70% ownership interest in the Inland JV. Due to the provisions of the Inland JV, and in accordance with ASC 360, Residual is consolidating the Inland JV under the financing method.

- *Brixmor GA America LLC.* On June 28, 2011, Brixmor GA America, Inc. and certain wholly-owned subsidiaries of the Company entered into an amended and restated operating agreement for Brixmor GA America LLC (the "Galileo JV"), whereby the Company's ownership interest in the Galileo JV increased from 5% to 49%. Under the terms of the amended and restated operating agreement, the Company is not obligated to contribute any additional capital to the Galileo JV.

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In connection with the closing of the Transaction, on June 28, 2011, the ownership interests in (i) four retail shopping centers, which were previously owned by the Galileo JV or its subsidiaries, were conveyed to a subsidiary of Residual and (ii) two retail shopping centers were conveyed to a subsidiary of the Company. As of September 30, 2011, the Galileo JV was comprised of 93 stabilized retail properties and two retail properties under redevelopment, and had loans outstanding of approximately \$1.0 billion.

- *NP / I&G Institutional Retail Company II, LLC.* The Company has a joint venture with affiliates of 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 any additional acquisitions of property will be made by this venture. As of September 30, 2011, 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. As of September 30, 2011, the joint venture owned two stabilized retail properties. The joint venture had loans outstanding of approximately \$15.4 million as of September 30, 2011.

No impairment was recorded on the Company's investment in this joint venture during the three months ended September 30, 2011, the period from June 28, 2011 through September 30, 2011 or the period from January 1, 2011 through June 27, 2011. An impairment charge of \$33 thousand was recorded on the Company's investment in this joint venture during the year ended December 31, 2010.

- *NPK Redevelopment I, LLC.* The Company has a joint venture with an affiliate of 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 September 30, 2011. 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 construction loan to the joint venture of approximately \$5.6 million with an interest rate of 7.5% per annum, compounded monthly.

No impairment was recorded on the Company's investment in this joint venture during the three months ended September 30, 2011, the period from June 28, 2011 through September 30, 2011 or the period from January 1, 2011 through June 27, 2011. An impairment charge of \$0.9 million was recorded on the Company's investment in this joint venture during the year ended December 31, 2010.

- *NP/SSP Baybrook, LLC.* The Company has a joint venture with an affiliate of 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. The joint venture had loans outstanding of approximately \$41.0 million as of September 30, 2011.

No impairment was recorded on the Company's investment in this joint venture during the three months ended September 30, 2011, the period from June 28, 2011 through September 30, 2011 or the period from January 1, 2011 through June 27, 2011. An impairment charge of \$0.6 million was recorded on the Company's investment in this joint venture during the year ended December 31, 2010.

- *Westgate Mall, LLC.* The Company, together with subsidiaries of Pearlmark Real Estate Partners, L.L.C (formerly Transwestern Investment Company, L.L.C.) and The Richard E. Jacobs Group, LLC, 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

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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. The joint venture had loans outstanding of approximately \$59.7 million as of September 30, 2011.

Additionally, the Company previously had another joint venture with JP Morgan Investment Management Inc., NP / I&G Institutional Retail Company, LLC. In December 2010, the Company sold its 20% interest in the joint venture to JP Morgan Investment Management Inc. for gross proceeds of approximately \$10.1 million.

Note 7: Intangible Assets

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

	September 30, 2011 (Successor)	December 31, 2010 (Predecessor)	Amortization Period
In-place lease value, legal fees and leasing commissions (Note 3)	\$208,243	\$368,394	Life of lease
Above market leases acquired (Note 3)	19,664	22,074	Life of lease
Value of asset management fee stream (Note 3) (1)	--	23,745	
Value of property management rights (Note 3) (1)	--	93,805	
Less: Accumulated depreciation	<u>(19,448)</u>	<u>(238,205)</u>	
Total	<u>\$208,459</u>	<u>\$269,813</u>	

- (1) In connection with the Transaction, the ownership interests in ERT Australian Management, LP, a property manager for 98 properties, were sold by subsidiaries of the Company to subsidiaries of Super LLC. Based on a review of the existence of impairment indicators at December 31, 2010, no impairment was recorded on these assets for the year then ended. Based on a review of the existence of impairment indicators at June 27, 2011, an impairment of \$76.5 million was recorded during the period ended June 27, 2011, which resulted in a combined net carrying value for these assets of \$20.3 million.

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

	Three Months Ended September 30, 2011 (Successor)	Period from June 28 through September 30, 2011 (Successor)	Period from January 1 through June 27, 2011 (Predecessor)	Three Months Ended September 30, 2010 (Predecessor)	Nine Months Ended September 30, 2010 (Predecessor)
Amortization Expense	\$18,615	\$19,047	\$19,356	\$12,145	\$37,645
Write-offs ⁽¹⁾	<u>662</u>	<u>662</u>	<u>648</u>	<u>379</u>	<u>2,363</u>
Total amortization Expense	<u>\$19,277</u>	<u>\$19,709</u>	<u>\$20,004</u>	<u>\$12,524</u>	<u>\$40,008</u>

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

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

<u>Year</u>	
2011 (remaining three months)	\$16,594
2012	50,848
2013	38,074
2014	28,095
2015	20,549

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Note 8: Debt Obligations

As of September 30, 2011 and December 31, 2010, the Company had the following debt obligations under various arrangements with financial institutions (dollars in thousands, except footnotes):

	<u>Carrying Value as of</u>		<u>Stated</u>	<u>Scheduled</u>
	<u>September 30,</u>	<u>December 31,</u>	<u>Interest</u>	<u>Maturity</u>
	<u>2011</u>	<u>2010</u>	<u>Rates</u>	<u>Date</u>
	<u>(Successor)</u>	<u>(Predecessor)</u>		
<u>MORTGAGES PAYABLE</u>				
Fixed Rate Mortgages ⁽¹⁾	\$848,142	\$871,636	5.02% - 9.59%	2011 – 2028
Variable Rate Mortgages ⁽²⁾	<u>83,796</u>	<u>8,568</u>	Variable ⁽³⁾	2011 – 2017
Total Mortgages	931,938	880,204		
Net unamortized premium	<u>68,011</u>	<u>4,146</u>		
Total Mortgages, net	<u>\$999,949</u>	<u>\$884,350</u>		
<u>NOTES PAYABLE</u>				
4.50% unsecured notes	\$--	\$142,117	4.500%	--
5.13% unsecured notes	125,000	125,000	5.125%	September 2012
3.75% unsecured notes ⁽⁴⁾	10	10	3.750%	June 2013
5.50% unsecured notes	50,000	50,000	5.500%	November 2013
7.97% unsecured notes ⁽⁵⁾	10,000	10,000	7.970%	January 2014
7.65% unsecured notes ⁽⁵⁾	25,000	25,000	7.650%	January 2014
7.68% unsecured notes ⁽⁵⁾	10,000	10,000	7.680%	January 2014
7.68% unsecured notes ⁽⁵⁾	10,000	10,000	7.680%	January 2014
6.90% unsecured notes ⁽⁵⁾	25,000	25,000	6.900%	January 2014
6.90% unsecured notes ⁽⁵⁾	25,000	25,000	6.900%	January 2014
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	<u>25,000</u>	<u>25,000</u>	7.500%	July 2029
Total Notes	530,010	672,127		
Net unamortized (discount) premium	<u>(30,160)</u>	<u>21,039</u>		
Total Notes, net	<u>\$499,850</u>	<u>\$693,166</u>		
<u>CAPITAL LEASES</u>				
Total Capital leases	\$28,349	\$28,904	6.00%	June 2031
Net unamortized discount	<u>(236)</u>	<u>--</u>		
Total Capital Leases, net	<u>\$28,113</u>	<u>\$28,904</u>		
TOTAL DEBT	<u>\$1,527,912</u>	<u>\$1,606,420</u>		

(1) Includes the Term Loans (as defined below) with JP Morgan Chase Bank, N.A., amounting to \$659.0 million entered into on July 28, 2010, as described below. The Term Loans are secured by 76 properties.

(2) Includes the Mortgage Loan entered into in connection with the Transaction (see Note 2 and below).

(3) As determined by the applicable loan agreement, the Company incurs interest on these obligations using either the 30-day LIBOR rate, which was 0.239% as of September 30, 2011, plus 125 basis points, or the Moody's A Corporate Bond Index, which was 3.96% as of September 30, 2011, plus spreads ranging from 12.5 to 37.5 basis points.

(4) 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. 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, 2013, and June 1, 2018, note holders have the right to require the Company to redeem 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, as 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 September 30, 2011, approximately \$10,000 of the original \$115.0 million aggregate principal amount of the notes remained outstanding.

(5) Pursuant to the Consent Solicitation (as defined below), 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 dates that note holders can require the Company to redeem all or any portion of the notes pursuant to the required put repurchase right.

Mortgage Loan

On June 28, 2011, in connection with the closing of the Transaction, the Borrowers obtained the Mortgage Loan from Wells Fargo Bank, National Association, which loan is secured by, among other things, (i) mortgages, assignments of rents and pledges of collection accounts with respect to the following eight retail shopping centers

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(the “Mortgaged Properties”): Kimball Crossing (Tennessee), Northgate S.C. (Florida), Lexington Road Plaza (Kentucky), Hunt River Commons (Rhode Island), Festival Centre (South Carolina), Shoppes at Hickory Hollow (Tennessee), The Commons (Tennessee) and Brenham Four Corners (Texas); and (ii) a guaranty by BPG of certain recourse carveout liabilities (as more particularly described below).

The Mortgage Loan bears interest at a rate equal to LIBOR (subject to a 0.75% floor) plus a spread of 2.5%, payable monthly, and is scheduled to mature on July 1, 2013, subject to three one-year extension options. The Mortgage Loan is non-recourse to the Company, the Borrowers and BPG, subject, in the case of the Borrowers and BPG only, to certain customary recourse carveouts.

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

Defaults under the Mortgage Loan include, among other things, the failure to pay interest or principal when due, material misrepresentations, unpermitted transfers of the Mortgaged Properties, bankruptcy of a Borrower or BPG, failure to maintain required insurance, and failure to observe other covenants under the Mortgage Loan.

The Company may voluntarily repay the Mortgage Loan, in whole or in part, at its option at any time upon ten business days’ prior notice, subject to certain restrictions, at par plus accrued and unpaid interest and subject to payment of customary “breakage” costs but without payment of any penalty or premium other than a prepayment premium for voluntary prepayments to the extent the aggregate of such prepayments exceeds \$16.0 million.

In connection with the closing of the Transaction and the closing of the Mortgage Loan, approximately \$14.0 million of secured debt of four wholly-owned subsidiaries of the Company was repaid with proceeds from the Mortgage Loan.

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. The loans are comprised of the following loan agreements:

- 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 the Secured Term Loan Borrowers and has a maturity date of August 1, 2020. The Secured Term Loan bears interest at a rate of 6.27% per annum.
- Two mezzanine loans of \$44.5 million each were entered into by certain of the Company’s subsidiaries, which are the direct parent of the Secured Term Borrowers, with JPMorgan Chase Bank, N.A., as the lender. On September 1, 2010, these two loans were combined as a single mezzanine loan amounting to \$89.0 million (“Pool Mezzanine Loan”). The Pool 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 Pool Mezzanine Loan bears interest at a rate of 9.375% per annum.
- Four separate loans for an aggregate amount of \$85.0 million (collectively, 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 6.50% per annum.

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Each of the Secured Term Loan, the Pool 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 certain Guaranty Agreements, with regards to the above mentioned 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 carve outs from the non-recourse liability of such borrowers set forth in the respective loan agreements evidencing the loans. In addition, the Company and the respective borrowers also entered into a certain Environmental Indemnity Agreement, pursuant to which such entities indemnified the lender for damages relating to the environmental condition of the properties securing the applicable loans.

Proceeds from the Term 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 \$350.0 million unsecured revolving credit facility the Company entered into on July 31, 2007, with Bank of America N.A., as administrative agent (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 several fixed rate mortgages totaling \$110.9 million, with the remainder to be used to fund closing costs and address future debt maturities within the Company.

As of September 30, 2011, these loans are included in mortgages payable on the accompanying Consolidated Balance Sheets.

Notes Payable

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 currently outstanding under each of the Indentures, effective April 20, 2007 (collectively, the “Notes”):

- (i) 5.125% Senior Notes due 2012;
- (ii) 5.50% Senior Notes due 2013;
- (iii) 5.250% Senior Notes due 2015;
- (iv) 5.30% Senior Notes due 2015;
- (v) 3.75% Convertible Senior Notes due 2023;
- (vi) 7.65% Senior Notes due 2026;
- (vii) 7.68% Senior Notes due 2026;
- (viii) 7.97% Senior Notes due 2026.

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- (ix) 6.90% Senior Notes due 2028; and
- (x) 7.50% Senior Notes due 2029

In connection with the consent solicitation, completed on November 2, 2009 (the “Consent Solicitation”) the Company executed the third supplemental indenture to the 1995 Indenture on October 30, 2009 to effectuate the amendments to the 1995 Indenture described in the Consent Solicitation. Pursuant to such amendments, holders of notes issued pursuant to the 1995 Indenture now have a put 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 has agreed to provide to the Trustee any annual reports, quarterly reports, current reports and certain other documents to the extent required under the Indentures governing the Notes. In addition, the Company will post such annual reports, quarterly reports, current reports and certain other documents on the website of its affiliate at www.brixmor.com pursuant to the 1995 Indenture.

Note holders of the 3.75% Convertible Senior Notes due 2023 had the right to require the Company to purchase all or any portion of such outstanding 3.75% Convertible Senior Notes due 2023, at a purchase price equal to the principal amount plus any accrued and unpaid interest on such 3.75% Convertible Senior Notes due 2023 from June 1, 2010 through June 21, 2010. The Company purchased an aggregate principal amount of approximately \$0.2 million of 3.75% Convertible Senior Notes due 2023. As of September 30, 2011, approximately \$10,000 of the original \$115.0 million aggregate principal amount of the 3.75% Convertible Senior Notes remained outstanding.

Debt Maturities

As of September 30, 2011, future expected/scheduled maturities of outstanding debt and capital lease obligations were as follows (in thousands):

<u>Year</u>	
2011 (remaining three months)	\$2,810
2012	154,916
2013	179,807
2014	133,795
2015	311,694
Thereafter	<u>707,275</u>
Total debt maturities	\$1,490,297
Net unamortized premiums on mortgages	68,011
Net unamortized discount on notes	(30,160)
Net unamortized discount on capital leases	<u>(236)</u>
Total debt obligations	<u>\$1,527,912</u>

Restriction on Incurring Additional Indebtedness

Prior to the October 2009 amendments to the 1995 Indenture effected in connection with the Consent Solicitation, the Company was prohibited from incurring additional indebtedness. The 1995 Indenture amendments removed this prohibition, but capped the Company’s total consolidated debt through April 15, 2011 at an amount not to exceed approximately \$1.9 billion. The Company remains subject to certain debt incurrence and unencumbered total asset value maintenance covenants set forth in the 1995 Indenture (as amended), the 1999 Indenture and the 2004 Indenture.

Repayment of Super Bridge Loan

In connection with the closing of the Transaction, debt outstanding under the second amended and restated loan agreement, dated as of January 15, 2009, between Super LLC and JP Morgan Chase Bank, N.A. (the “Super Bridge Loan”) of approximately \$1.7 billion was repaid in full and hence, the restrictions on incurring additional

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indebtedness under the Super Bridge Loan are no longer applicable. Additionally, any collateralization of the Super Bridge Loan debt that was in place prior to the loan being repaid has been released.

Note 9: Other Liabilities

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

	<u>September 30, 2011</u> <u>(Successor)</u>	<u>December 31, 2010</u> <u>(Predecessor)</u>
Property and other taxes payable	\$18,355	\$18,349
Interest payable	4,778	14,301
Accrued professional and personnel costs	925	6,472
Accrued construction costs	953	205
Accounts payable	12,309	11,554
Insurance reserves	18,505	17,130
Other	<u>11,292</u>	<u>12,470</u>
Total	<u>\$67,117</u>	<u>\$80,481</u>

Note 10: Related Parties

The Company pays subcontracting and property management fees for services provided by an affiliate of the Company and subsidiary of Super LLC. For the three months ended September 30, 2011 and 2010, these fees were \$3.1 million and \$4.5 million, respectively. For the period from June 28, 2011 through September 30, 2011, the period from January 1, 2011 through June 27, 2011 and the nine months ended September 30, 2010 these fees were \$3.2 million, \$8.9 million and \$13.6 million, respectively. Additionally, the Company is allocated costs related to leasing and construction management services. For the three months ended September 30, 2011 and 2010, these fees were \$2.1 million and \$2.0 million, respectively. For the period from June 28, 2011 through September 30, 2011, the period from January 1, 2011 through June 27, 2011 and the nine months ended September 30, 2010, these fees were \$2.1 million, \$5.0 million and \$5.4 million, respectively. As of September 30, 2011, there were no remaining unpaid fees.

The Company also derives fee income from services provided to certain of its joint ventures and other managed properties. In connection with the Transaction, the ownership interests in ERT Australian Management, LP, a property manager for 98 properties, were sold by subsidiaries of the Company to an affiliate of the Company and subsidiary of Super LLC. For the three months ended September 30, 2011 and 2010, the Company generated approximately \$0.4 million and \$3.8 million, respectively, in fee income. For the period from January 1, 2011 through June 27, 2011, the period from June 28, 2011 through September 30, 2011 and the nine months ended September 30, 2010, the Company generated approximately \$8.1 million, \$0.4 million, and \$11.0 million, respectively, in fee income. As of September 30, 2011 and December 31, 2010, the Company had approximately \$1.7 million and \$9.1 million, respectively, of fee income receivable.

Note 11: Risk Management and Use of Financial Instruments

Risk Management

In the normal course of its ongoing 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.

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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 forecasted 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 on less favorable terms in order to assist with the Company's liquidity position, those real estate assets could be sold at a 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 believe 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.

On June 28, 2011, the Company entered into an interest rate cap agreement on \$80.0 million of debt expiring on July 1, 2013, for an upfront payment of \$22 thousand. The Company will receive a payout under the terms of the cap if the one-month LIBOR rate exceeds 5.00%. The Company entered into this interest rate cap agreement as a requirement of the Company's lender under the Mortgage Loan. During the period from June 28, 2011 through September 30, 2011, the one-month LIBOR rate did not exceed the cap rate and, therefore, no payments were received.

The following table summarizes the terms and fair value of the Company's derivative financial instrument at September 30, 2011 (dollars in thousands). The notional amount at September 30, 2011 provide an indication of the extent of the Company's involvement in this instrument at that time, but does not represent exposure to credit, interest rate or market risks.

<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	\$80,000	5.00%	07/01/13	\$2

The Company has not elected to utilize hedge accounting treatment for its interest rate cap. Gains and losses pertaining to the interest rate cap are included in "Interest expense" on the Company's Consolidated Statements of Income and Comprehensive Income. This includes mark-to-market adjustments of open contracts as well as periodic settlements.

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. As of September 30, 2011, no tenant represented more than 4% of the Company's annual base rent.

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Note 12: Non-Controlling Interests in Consolidated Partnerships

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, 2010, there were 650,039 Class A Preferred Units outstanding and not owned by the Company or its affiliates. Holders of these Class A Preferred Units have a redemption right for their Class A Preferred Units and each Class A Preferred Unit is redeemable for \$33.15 plus all accrued and unpaid distributions.

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.

During the period from June 28, 2011 through September 30, 2011, the period from January 1, 2011 through June 27, 2011 and the year ended December 31, 2010, no 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.

ASC 480, *Distinguishing Liabilities from Equity* ("ASC 480"), requires that DownREIT Partnership Class A Preferred Units subject to mandatory redemption by the Company pursuant to the terms of the DownREIT Partnership Agreement should be classified as mezzanine equity in the consolidated financial statements. DownREIT Partnership Class A Preferred Units are subject to mandatory redemption when the holder elects to redeem the units.

DownREIT Partnership unit information is summarized as follows:

	Limited Partner Units
Outstanding at December 31, 2010 (Predecessor)	650,359
Issued	--
Redeemed	<u> --</u>
Outstanding at September 30, 2011 (Successor)	<u>650,359</u>

The changes in redeemable non-controlling interests (in thousands):

	Three Months Ended September 30, 2011 (Successor)	Period from June 28 through September 30, 2011 (Successor)	Period from January 1 through June 27, 2011 (Predecessor)	Three Months Ended September 30, 2010 (Predecessor)	Nine Months Ended September 30, 2010 (Predecessor)
Balance at beginning of period:	\$21,559	\$21,559	\$21,559	\$21,559	\$21,559
Distributions to non-controlling interests	325	336	636	334	981
Net loss	<u>(325)</u>	<u>(336)</u>	<u>(636)</u>	<u>(334)</u>	<u>(981)</u>
Ending Balance	<u>\$21,559</u>	<u>\$21,559</u>	<u>\$21,559</u>	<u>\$21,559</u>	<u>\$21,559</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13: 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 September 30, 2011. 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 6 above, the Company also had the following contractual obligations as of September 30, 2011, 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 three separate letters of credit in connection with certain property or insurance related matters. These letters of credit are secured by a cash collateral agreement. As of September 30, 2011, 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 \$4.7 million.
- *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 September 30, 2011, the Company had mortgage loans and secured term loans outstanding of approximately \$931.9 million, excluding the impact of unamortized premiums, and unconsolidated joint ventures in which the Company has a direct or indirect interest had mortgage loans outstanding of approximately \$5.6 billion, excluding the impact of unamortized premiums and discounts. 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.
- *Super Bridge Loan Guaranty.* In connection with the closing of the Transaction, the Super Bridge Loan was repaid and the related Company guaranty no longer exists. Prior to June 28, 2011, \$100.0 million of the Super Bridge Loan was guaranteed by the Company. This guaranty was collateralized by certain assets of the Company with an aggregate value of \$116.1 million.
- *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>	
2011 (remaining three months)	\$213
2012	878
2013	894
2014	818
2015	778
Thereafter	11,935

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- *Redemption and Repurchase Rights.* As of December 31, 2010, there were 650,359 Class A Preferred Units outstanding and not owned by the Company or its affiliates. Holders of these Class A Preferred Units have the right to require the redemption of their Class A Preferred Units, and each Class A Preferred Unit is redeemable, for \$33.15 plus all accrued and unpaid distributions.

During the period from June 28, 2011 through September 30, 2011, the period from April 1, 2011 through June 27, 2011, and the period from January 1, 2011 through June 27, 2011, no 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 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 ASC 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 mezzanine equity 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, for which exposure has been mitigated through insurance coverage specific to environmental conditions, considered as a whole, to have a material adverse effect on the 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 14. Income Taxes

In connection with the Transaction discussed in Note 2, the Company has applied the guidelines of ASC 805, and for financial reporting purposes recorded the assets and liabilities at the current fair value as of the date of the Transaction. Deferred income taxes reflect the net tax effect of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax

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purposes related to the Company's corporate subsidiary, which is subject to federal and state income taxes. As of September 30, 2011 and December 31, 2010, the temporary differences are primarily related to the basis differences in investment properties recorded on the books of the taxable corporate subsidiary. The tax effects of temporary differences have resulted in deferred income tax assets and liabilities, as follows (dollars in thousands):

	September 30, 2011	December 31, 2010
	(Successor)	(Predecessor)
Deferred tax assets		
Real estate basis difference	\$51,374	\$52,827
Net operating loss carry forward	7,361	2,632
Earnings in captive insurance company	1,019	1,149
Bad debt allowance	554	646
Other	1,419	178
Total deferred tax assets	61,727	57,432
Reserve on deferred tax assets	(61,346)	(22,434)
Total deferred tax asset after reserve	\$381	\$ 34,998
Deferred tax liabilities		
Management rights basis difference	\$--	\$ 25,581
Real estate basis difference	23	8,223
Straight line rent	51	1,194
Other	307	--
Total deferred tax liabilities	\$381	\$34,998
Net deferred tax liability	\$ -	\$ --

The Company has recorded a current income tax provision of approximately \$0.1 million and \$0.1 million for three months ended September 30, 2011 and 2010, respectively. The Company has recorded a federal income tax provision (benefit) of approximately \$0, \$0 and \$(2.0) million for the period from June 28, 2011 through September 30, 2011, the period from January 1, 2011 through June 27, 2011 and the nine months ended September 30, 2010, respectively, which are included in General and Administrative on the Company's Consolidated Statements of Operations and Comprehensive Loss. Additionally, during the three and nine months ended September 30, 2010, the Company recorded a deferred income tax expense of approximately \$12.6 million related to its corporate subsidiary. There were no penalties incurred during the period from June 28, 2011 through September 30, 2011 or the period from January 1, 2011 through June 27, 2011.

The Company is subject to certain state and local taxes. An accrual has been included in Other liabilities as of September 30, 2011 and December 31, 2010 in the accompanying Consolidated Balance Sheet.

The provision for income taxes differs from the amount computed by applying the statutory income tax rate to the loss from continuing operations before income taxes primarily due to the income and losses passed through to the Company's member through its subsidiaries, which are not subject to corporate income taxes. The Company's income tax provision was computed based on the federal statutory rate and the average state statutory rates, net of the related federal benefit. A reconciliation of the statutory U.S. federal income tax expense rate to the Company's effective income tax expense rate for the period from January 1, 2011 through June 27, 2011 and the period from June 28, 2011 through September 30, 2011 is as follows:

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	Period from June 28, through September 30, 2011 (Successor)	Period from January 1, through June 27, 2011 (Predecessor)
Statutory U.S. federal income tax rate	35.0%	35.0 %
Income passed through to unit holders	(31.6)%	(0.6)%
State & local income taxes – current	(0.3)%	(0.3)%
Reserve on deferred tax assets	(6.6)%	(28.2)%
Other	3.2%	(6.2)%
Effective income tax rate	<u>(0.3)%</u>	<u>(0.3)%</u>

Note 15: Comprehensive Income (Loss)

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

	Three Months Ended September 30, 2011 (Successor)	Period from June 28 through September 30, 2011 (Successor)	Period from January 1 through June 27, 2011 (Predecessor)	Three Months Ended September 30, 2010 (Predecessor)	Nine Months Ended September 30, 2010 (Predecessor)
Comprehensive Loss	\$(38,251)	\$(41,045)	\$(81,660)	\$(16,690)	\$(42,939)

As of September 30, 2011, comprehensive loss is equal to reported net loss. For periods prior to September 30, 2011, the primary component of comprehensive (loss)/income, other than net income (loss), was the Company's mark-to-market adjustment on its available-for-sale securities.

Note 16: Fair Value

ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), provides a framework for measuring fair value under GAAP. The Company has not elected to apply the Fair Value Option under ASC 825, *Financial Instruments* ("ASC 825"), which provides the option to fair value any of the eligible financial assets and liabilities as permitted under the guidance. The only financial assets recorded at fair value as of September 30, 2011 are those required to be fair valued under other accounting standards.

Fair Value Measurement

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

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

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated

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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 months ended September 30, 2011, 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:

Marketable Securities

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>September 30, 2011</u> <u>(Successor)</u>	<u>December 31, 2010</u> <u>(Predecessor)</u>
Cost basis	\$24,331	\$19,910
Unrealized holding gains	--	298
Fair value	<u>\$24,331</u>	<u>\$20,208</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 June 30, 2011 and September 30, 2010, respectively, as the Company's receipt of fair value information is delayed by one quarter. The marketable securities are primarily fixed income securities with various maturity dates through 2012.

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.

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	\$24,331	\$--	\$--	\$24,331

There was no impairment recorded for investments accounted for under the equity method during the three months ended September 30, 2011, the period from June 28, 2011 through September 30, 2011 or the period from January 1, 2011 through June 27, 2011. 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-

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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 ASC 820, 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 September 30, 2011. 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 Company 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 ASC 820.

Fair Value of Debt Obligations

The following fair value disclosure was determined by the Company, using available market information and discounted cash flow analyses as of September 30, 2011 and December 31, 2010, respectively in accordance with ASC 825. The only financial assets recorded at fair value as of September 30, 2011 and December 31, 2010 are those required to be fair valued under other accounting standards. Such fair valuation of assets at September 30, 2011 and December 31, 2010 (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 ASC 825. 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 as determined by application of ASC 825 (in thousands):

	<u>September 30, 2011</u>		<u>December 31, 2010</u>	
	<u>Carrying</u>	<u>Fair</u>	<u>Carrying</u>	<u>Fair</u>
	<u>Amounts</u>	<u>Value</u>	<u>Amounts</u>	<u>Value</u>
	<u>(Successor)</u>	<u>(Successor)</u>	<u>(Predecessor)</u>	<u>(Predecessor)</u>
Mortgages payable	\$931,938	\$1,081,396	\$880,204	\$930,712
Notes payable	530,010	459,197	672,127	625,792

Note 17: Out of Period Adjustment

During the year ended December 31, 2010, the Company recorded a non-cash out of period deferred tax expense adjustment of \$14.7 million, offset by \$14.7 million fiscal 2010 deferred tax benefit, which resulted in no deferred income tax expense.

The out of period adjustment arose due to the Company's failure to record a net deferred tax liability in connection with the Brixmor Property Group's (formerly Centro Property Group) acquisition in 2007 of New Plan Excel Realty Trust, Inc., currently known as Brixmor. The Company undertook an assessment of the impact of the adjustment needed to account for the deferred tax liability and concluded that recording the adjustment in the results for year ended December 31, 2010, rather than restating the period ended September 30, 2010, was quantitatively and qualitatively not material to the period ended September 30, 2010. The Company determined that the deferred income tax benefit of \$0.2 million and \$5.1 million which was not recorded in the three and nine

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months ended September 30, 2009, respectively, and the net cumulative expense of approximately \$14.6 million related to the effects of the adjustment pertaining to periods prior to December 2008, was not quantitatively or qualitatively material to the Company's consolidated financial statements for the three and nine months ended September 30, 2010.

Note 18: Subsequent Events

In preparing these financial statements, the Company evaluated events and transactions for potential recognition or disclosure through November 28, 2011, the date the financial statements were issued. There are no events or transactions that have occurred through such date that require disclosure in these financial statements.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

All references to “we,” “us,” “our,” “ours,” “Brixmor” or the “Company” in this report refer to Brixmor LLC (formerly Centro NP LLC) and its wholly owned and majority owned subsidiaries and consolidated entities.

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.

As more fully described in Note 2 to our Consolidated Financial Statements, On February 28, 2011, the then ultimate parent investors in Brixmor, Centro Properties Limited (“CPL”) and Centro Property Trust (“CPT”) and their managed funds entered into a stock purchase agreement with Brixmor Property Group Inc. (formerly, BRE Retail Holdings Inc.) (“BPG”), an affiliate of Blackstone Real Estate Partners VI, L.P. (“Blackstone”), to sell all of their U.S. assets and management platform, including the ownership interests in Brixmor (including the related financings, asset acquisitions and other transactions, the “Transaction”).

On June 28, 2011, BPG, CPL and CPT and certain of their managed funds closed the Transaction. As a result of the closing of the Transaction, BPG and certain of its affiliates acquired indirect control of us from CPL and CPT and certain of their managed funds by purchasing 100% of the equity interests in the six equity holders of Super LLC, the Company’s sole member. Following the Transaction, we continue to be owned by Super LLC, but are now a wholly-owned, indirect subsidiary of BPG, an affiliate of Blackstone.

In connection with the closing of the Transaction, on June 28, 2011, (i) the ownership interests in 21 retail shopping center assets which were not wholly owned by us or our subsidiaries as of such date were conveyed to us or our subsidiaries by certain affiliated entities pursuant to interest assignments, contribution agreements or deeds; (ii) our ownership interest in Brixmor GA America LLC (formerly Centro GA America LLC) increased from 5% to 49%; (iii) we, via our 49% interest in Brixmor Residual Holding LLC (formerly, Centro NP Residual Holding LLC) (“Residual”), acquired an interest in an additional 156 retail shopping center assets that were conveyed to Residual by certain of its affiliated entities (other than the Company or its subsidiaries) pursuant to interest assignments, contribution agreements or deeds; and (iv) the ownership interests in ERT Australian Management, LP, a property manager for 98 properties, were distributed by our subsidiaries to subsidiaries of Super LLC.

On June 28, 2011, in connection with the closing of the Transaction, certain of our wholly owned subsidiaries (such subsidiaries being referred to herein as the “Borrowers”) obtained an \$80.0 million mortgage loan (the “Mortgage Loan”) from Wells Fargo Bank, National Association, which loan is secured by, among other things, (i) mortgages, assignments of rents and pledges of collection accounts with respect to eight retail shopping centers and (ii) a guaranty by BPG of certain recourse carveout liabilities.

In accordance with ASC 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 September 30, 2011 and 2010

Rental Revenues

Rental income was \$56.5 million for the three months ended September 30, 2011 and \$54.4 million for the three months ended September 30, 2010.

The following significant factor caused a material change in rental income:

- The Transaction, which increased rental income by approximately \$2.4 million

Fee income was \$0.4 million for the three months ended September 30, 2011 and \$3.8 million for the three months ended September 30, 2010.

The following significant factor caused a material change in fee income:

- The Transaction, in which the ownership interests in ERT Australian Management, LP, a property manager for 98 properties, were distributed by our subsidiaries to subsidiaries of Super LLC, which decreased fee income by approximately \$2.9 million

Operating Expenses

Depreciation and amortization were \$38.3 million for the three months ended September 30, 2011 and \$26.9 million for the three months ended September 30, 2010. The following significant factors caused material changes in depreciation and amortization:

- Increased depreciation expense on our real estate properties, which properties were recorded at fair value by the Company in connection with the Transaction, which increased depreciation and amortization by approximately \$6.0 million
- Increased amortization expense of intangible assets, which assets were recorded at fair value by the Company in connection with the Transaction, which increased depreciation and amortization by approximately \$9.1 million
- The Transaction, in which certain management contracts were distributed to subsidiaries of Super LLC, which decreased depreciation and amortization expense by approximately \$1.7 million

General and administrative expenses were \$0.9 million for the three months ended September 30, 2011 and \$3.6 million for the three months ended September 30, 2010. The following significant factors caused material changes in general and administrative expenses:

- Lower subcontract fees as a result of the Transaction, which decreased general and administrative expenses by approximately \$1.5 million
- Non-recurring federal tax penalties recorded during the three months ended September 30, 2010, which decreased general and administrative expenses by approximately \$0.9 million

Other Income and Expenses

Equity in income (loss) of unconsolidated ventures was \$(22.9) million for the three months ended September 30, 2011 and \$2.3 million for the three months ended September 30, 2010. The following significant factors caused material changes in equity in income (loss) of unconsolidated ventures:

- Increased depreciation and amortization expense recorded by GA America LLC, combined with our increased ownership interest in venture, both resulting from the Transaction, which decreased equity in income (loss) of unconsolidated ventures by approximately \$4.3 million
- Increased depreciation and amortization expense attributable to Residual as a result of the Transaction, which decreased our equity in income (loss) of unconsolidated ventures by approximately \$20.9 million

Interest expense was \$23.1 million for the three months ended September 30, 2011 and \$24.6 million for the three months ended September 30, 2010. The following significant factors caused material changes in interest expense:

- The incurrence of a \$485.0 million secured term loan, an \$89.0 mezzanine loan and four separate loans aggregating \$85.0 million, which increased interest expense by approximately \$4.1 million

- The repayment of our 4.50% unsecured notes, which decreased interest expense by approximately \$1.7 million
- The payoff or refinancing of certain mortgages, which decreased interest expense by approximately \$4.4 million

Results of operations for the period from June 28, 2011 through September 30, 2011, the period from January 1, 2011 through June 27, 2011 and nine months ended September 30, 2010

Rental Revenues

Rental income was \$58.4 million for the period from June 28, 2011 through September 30, 2011, \$105.5 million for the period from January 1, 2011 through June 27, 2011 and \$165.1 million for the nine months ended September 30, 2010. The following significant factors caused material changes in rental income:

- The Transaction, which increased rental income by approximately \$2.5 million
- Decreased amortization of below market leases, which decreased rental income by approximately \$2.9 million

Expense reimbursements were \$14.7 million for the period from June 28, 2011 through September 30, 2011, \$27.3 million for the period from January 1, 2011 through June 27, 2011 and \$46.2 million for the nine months ended September 30, 2010. The following significant factor caused a material change in expense reimbursements:

- A decrease in reimbursable real estate taxes and operating expenses, which decreased expense reimbursements by approximately \$4.5 million

Fee income was \$0.4 million for the period from June 28, 2011 through September 30, 2011, \$8.1 million for the period from January 1, 2011 through June 27, 2011 and \$11.0 million for the nine months ended September 30, 2010. The following significant factor caused a material change in fee income:

- The Transaction, in which the ownership interests in ERT Australian Management, LP, a property manager for 98 properties, were distributed by our subsidiaries to subsidiaries of Super LLC, which decreased fee income by approximately \$2.6 million

Operating Expenses

Depreciation and amortization were \$39.3 million for the period from June 28, 2011 through September 30, 2011, \$50.4 million for the period from January 1, 2011 through June 27, 2011 and \$84.3 million for the nine months ended September 30, 2010. The following significant factors caused material changes in depreciation and amortization:

- Increased depreciation expense on properties conveyed to us in connection with the Transaction, which increased depreciation and amortization by approximately \$1.1 million
- Increased depreciation expense on our real estate properties, which properties were recorded at fair value by the Company in connection with the Transaction, which increased depreciation and amortization by approximately \$3.5 million
- Increased amortization expense of intangible assets, which assets were recorded at fair value by the Company in connection with the Transaction, which increased depreciation and amortization by approximately \$4.3 million
- The Transaction, in which certain management contracts and other intangible assets were distributed to subsidiaries of Super LLC, which decreased depreciation and amortization expense by approximately \$3.0 million

General and administrative expenses were \$0.9 for the period from June 28, 2011 through September 30, 2011, \$5.5 million for the period from January 1, 2011 through June 27, 2011 and \$7.8 million for the nine months ended September 30, 2010. The following significant factors caused material changes in general and administrative expenses:

- Increased federal tax provisions, which increased general and administrative expenses by approximately \$2.0 million
- Lower subcontract fees as a result of the Transaction, which decreased general and administrative expenses by approximately \$1.5 million
- Decreases in state franchise tax provisions, which decreased general and administrative expenses by approximately \$1.2 million

Other Income and Expenses

Equity in income (loss) of unconsolidated ventures was \$(24.8) million for the period from June 28, 2011 through September 30, 2011, \$(0.1) million for the period from January 1, 2011 through June 27, 2011 and \$5.2 million for the nine months ended September 30, 2010. The following significant factors caused material changes in equity in income (loss) of unconsolidated ventures:

- Increased depreciation and amortization expense recorded by GA America LLC, combined with our increased ownership interest in venture, both resulting from the Transaction, which decreased equity in income (loss) of unconsolidated ventures by approximately \$4.6 million
- Increased depreciation and amortization expense recorded by Residual as a result of the Transaction, which decreased our equity in income (loss) of unconsolidated ventures by approximately \$24.4 million

Interest expense was \$24.4 million for the period from June 28, 2011 through September 30, 2011, \$45.0 million for the period from January 1, 2011 through June 27, 2011 and \$37.8 million for the nine months ended September 30, 2010. The following significant factors caused material changes in interest expense:

- The incurrence of a \$485.0 million secured term loan, an \$89.0 mezzanine loan and four separate loans aggregating \$85.0 million, which increased interest expense by approximately \$26.3 million
- The repayment of our \$350.0 million unsecured revolving credit facility, which decreased interest expense by approximately \$3.7 million
- The repayment of our 4.50% unsecured notes, which decreased interest expense by approximately \$4.5 million
- The payoff or refinancing of certain mortgages, which decreased interest expense by approximately \$12.5 million

Liquidity and Capital Resources

As of September 30, 2011, we had approximately \$21.9 million in available cash and cash equivalents. We fund our capital needs from cash generated from operations, from distributions from Residual and the Galileo JV, from equity contributions from Super LLC, from proceeds from the refinancing of debt and from asset sales to generate cash proceeds. Management believes that the foregoing cash sources will be sufficient to meet expected capital needs during the next 12 months.

Short-Term Liquidity Needs

In addition to short-term indebtedness, our short-term liquidity requirements consist primarily of funds necessary to pay for operating expenses, management fees, 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 redevelopment projects. During the remaining three months of 2011, we have no scheduled mortgage debt maturities and \$2.6 million of scheduled mortgage amortization payments. We anticipate that the funds required to meet our debt maturities over the next 12 months will come from cash generated from operations, from distributions from Residual and the Galileo JV, and from equity contributions from Super LLC.

We derive substantially all of our rental 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 value items, such as soft goods. In addition, we typically derive a more stable revenue flow from tenants in community and neighborhood shopping centers, due to the long-term contractual nature of the leases. However, general economic downturns, or economic downturns in one or more markets in which we own properties, may adversely impact the ability of our tenants to make rental payments and our ability to re-lease space on favorable terms as leases expire. In either of these instances, our cash flow would be adversely affected.

Refer to Note 8 to the Consolidated Financial Statements for details relating to the total short-term debt as of September 30, 2011.

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 intend to finance these redevelopment projects with excess cash from operations or, to the extent necessary, with distributions from Residual and the Galileo JV or from equity contributions from Super LLC.

Our current redevelopment pipeline in our Consolidated Portfolio is comprised of nine projects, the aggregate cost of which, including costs incurred in prior years on these projects, is expected to be approximately \$52.1 million.

Our current joint venture redevelopment pipeline is comprised of 15 projects, the aggregate cost of which, including costs incurred in prior years, is expected to be approximately \$67.3 million, of which our pro rata share will be approximately \$33.0 million.

We regularly incur 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 expect to pay for these capital expenditures out of excess cash from operations or, to the extent necessary, with distributions received from Residual and the Galileo JV and from equity contributions from Super LLC. We believe that a significant portion of these expenditures is recouped in the form of continuing lease payments.

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. Management believes we will be able to satisfy our long-term liquidity requirements through cash from operations, distributions from Residual and the Galileo JV, equity contributions from Super LLC, proceeds from the refinancing of debt and cash proceeds from asset sales.

Our ability to incur additional debt is dependent upon a number of factors, including, without limitation, our degree of leverage, the value of our unencumbered assets, our credit rating and any contractual restrictions and covenants imposed by existing lenders or under the indentures governing our outstanding notes (the “Indentures”).

Our credit ratings are all below investment grade. 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 such financings, may be adversely affected.

We have selectively effected asset sales to generate cash proceeds. During the three months ended September 30, 2011, we generated approximately \$0.8 million in gross proceeds through the disposal of 1.1 acres of land. During 2010, we generated approximately \$0.2 million in gross proceeds through the disposal of a non-core/non-strategic property and approximately \$8.3 million from the disposition of certain properties and land parcels held through joint ventures. We also generated approximately \$10.1 million from the sale of our interest in NP/I&G Institutional Retail Company, LLC, a venture in which we previously held a 20% interest. 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 September 30, 2011 (based on a calendar year, dollars in thousands):

<u>Contractual Obligations</u>	<u>Total</u>	<u>2011</u>	<u>2012-2013</u>	<u>2014-2015</u>	<u>2016 and Beyond</u>
Debt ⁽¹⁾	\$1,461,948	\$2,620	\$333,093	\$443,652	\$682,583
Capital Lease Obligations	28,348	190	1,630	1,837	24,691
Operating Leases ⁽²⁾	<u>15,516</u>	<u>213</u>	<u>1,772</u>	<u>1,596</u>	<u>11,935</u>
Total	<u>\$1,505,812</u>	<u>\$3,023</u>	<u>\$336,495</u>	<u>\$447,085</u>	<u>\$719,209</u>

- (1) Debt includes scheduled amortization and scheduled maturities for mortgage loans and notes payable. Maturities for 3-5 years include the first dates that note holders can require us to redeem all or a portion of the notes pursuant to the required put repurchase right.
- (2) Operating leases include ground leases for shopping centers that we operate.

On June 28, 2011, in connection with the closing of the Transaction, the Borrowers obtained the Mortgage Loan from Wells Fargo Bank, National Association, which loan is secured by, among other things, (i) mortgages, assignments of rents and pledges of collection accounts with respect to the following eight retail shopping centers (the "Mortgaged Properties"): Kimball Crossing (Tennessee), Northgate S.C. (Florida), Lexington Road Plaza (Kentucky), Hunt River Commons (Rhode Island), Festival Centre (South Carolina), Shoppes at Hickory Hollow (Tennessee), The Commons (Tennessee) and Brenham Four Corners (Texas); and (ii) a guaranty by BPG of certain recourse carveout liabilities.

The Mortgage Loan bears interest at a rate equal to LIBOR (subject to a 0.75% floor) plus a spread of 2.5%, payable monthly, and is scheduled to mature on July 1, 2013, subject to three one-year extension options. The Mortgage Loan is non-recourse to us, the Borrowers and BPG, subject, in the case of the Borrowers and BPG only, to certain customary recourse carveouts.

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

Defaults under the Mortgage Loan include, among other things, the failure to pay interest or principal when due, material misrepresentations, unpermitted transfers of the Mortgaged Properties, bankruptcy of a Borrower or BPG, failure to maintain required insurance, and failure to observe other covenants under the Mortgage Loan.

We may voluntarily repay the Mortgage Loan, in whole or in part, at its option at any time upon ten business days' prior notice, subject to certain restrictions, at par plus accrued and unpaid interest and subject to payment of customary "breakage" costs but without payment of any penalty or premium other than a prepayment premium for voluntary prepayments to the extent the aggregate of such prepayments exceeds \$16.0 million.

As of September 30, 2011, we had approximately \$530.0 million of notes payable outstanding, excluding the impact of unamortized premiums, under the Indentures, having a weighted average interest rate of 5.8%. The Indentures also contain covenants that require us to maintain certain financial coverage ratios.

In addition to our Indentures, as of September 30, 2011, we had approximately \$931.9 million of mortgage debt outstanding, excluding the impact of unamortized premiums, having a weighted average interest rate of 6.2% per annum.

If we are required to dispose of real estate assets quickly and on less favorable terms in order to assist with our liquidity position, it is possible that these real estate assets would be sold at a loss. Additionally, our ability to sell real estate assets is restricted by covenants as contained in certain agreements governing our indebtedness.

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 September 30, 2011.

- *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 \$43.7 million as of September 30, 2011. As of September 30, 2011, the book value of our investment in Arapahoe Crossings, L.P. was approximately \$5.3 million.
- *BPR Land Partnership, L.P.* We have a 50% interest in a joint venture that owns approximately 9.6 acres of undeveloped land in Frisco, Texas, after selling approximately 1.1 acres of land on December 6, 2010 for net proceeds of approximately \$0.8 million. 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 September 30, 2011. As of September 30, 2011, the book value of our investment in BPR Land Partnership, L.P. was approximately \$1.0 million.
- *BPR South, L.P.* We have a 50% interest in a joint venture that owns approximately 2.1 acres of undeveloped land in Frisco, Texas, after selling approximately 3.051 acres of land on December 30, 2010 for net proceeds of approximately \$1.3 million. 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 September 30, 2011. As of September 30, 2011, the book value of our investment in BPR South, L.P. was approximately \$0.9 million.
- *Brixmor GA America LLC.* On June 28, 2011, Brixmor GA America, Inc. (formerly, Centro GA America, Inc.) and certain of our wholly-owned subsidiaries entered into an amended and restated operating agreement for Brixmor GA America LLC (the "Galileo JV"), whereby our ownership interest in the Galileo JV increased from 5% to 49%. Under the terms of the amended and restated operating agreement, we are not obligated to contribute any additional capital to the Galileo JV.

In connection with the closing of the Transaction, on June 28, 2011, the ownership interests in (i) four retail shopping centers, which were previously owned by the Galileo JV or its subsidiaries were conveyed to a subsidiary of Residual and (ii) two retail shopping centers were conveyed to a subsidiary of the Company. As of September 30, 2011, the Galileo JV was comprised of 93 stabilized retail properties and two retail properties under redevelopment, and had loans outstanding of approximately \$1.0 billion. As of September 30, 2011, the book value of our investment in the Galileo JV was approximately \$143.5 million.
- *Brixmor Residual Holding LLC.* We have a 49% interest in a joint venture with Super LLC, our sole and managing member. In connection with the closing of the Transaction and the repayment of the Residual Credit Facility and Super Bridge Loan, on June 28, 2011, we and Super LLC entered into an amended and restated operating agreement providing for the pro-rata distribution of proceeds between Super LLC (51%) and the Company (49%).

In connection with the closing of the Transaction, on June 28, 2011, (i) the ownership interests in approximately 156 retail shopping center assets that were not previously owned by subsidiaries of Residual were conveyed to Residual by certain entities affiliated with Residual pursuant to interest assignments, contribution agreements or deeds and (ii) the ownership interests in 11 retail shopping centers that were previously owned by Residual were conveyed to us or our subsidiaries pursuant to assignments, contribution agreements or deeds. Accordingly, as of September 30, 2011, Residual owned interests in 291 stabilized retail properties and 14 properties under redevelopment, including the properties contributed to the Inland JV (see below). Additionally, as of September 30, 2011, Residual held an interest in one property held through an unconsolidated joint venture. Under the terms of this joint venture, we are not obligated to contribute any additional capital to Residual. Residual had loans outstanding of approximately \$4.4 billion, including amounts owed by the Inland JV, as of September 30, 2011 (including the loans described below).

On June 28, 2011, in connection with the closing of the Transaction, certain subsidiaries of Residual (“Residual Borrowers”) obtained an \$1.0 billion mortgage loan from Wells Fargo Bank, National Association, German American Capital Corporation and Barclays Bank PLC, which loan is secured by, among other things, (i) mortgages, assignments of rents and pledges of collection accounts with respect to 107 retail shopping centers and (ii) a guaranty by BPG of certain recourse carveout liabilities. The lenders listed above, as well as CFI CentCo Funding LLC and GSREMP Origination Joint Holding, L.P. also provided \$400.0 million of additional mezzanine financing to certain owned subsidiaries of Residual (“Mezzanine Borrowers”) (which own 100% of the interests in the Residual Borrowers), which loans are secured by a pledge of each Mezzanine Borrower’s respective interest in its direct Residual Borrower subsidiary. Neither us (or any of our subsidiaries), nor Residual is an obligor with respect to the \$1.0 billion mortgage loan or the \$400.0 million of mezzanine loans.

On December 6, 2010, Brixmor/IA Member, LLC (formerly Centro/IA Member, LLC), a wholly-owned subsidiary of Residual formed a joint venture (the “Inland JV”) with Inland American CP Investment, L.L.C. In connection with the formation of the Inland JV, Residual sold approximately 70% of its ownership interest in 25 retail shopping centers with a total value of approximately \$471.0 million to the Inland JV. Following this transaction, Residual through its subsidiary Brixmor/IA Member, LLC holds an approximate 30% ownership interest in the Inland JV and Inland American CP Investment, L.L.C. holds an approximate 70% ownership interest in the Inland JV. Due to the provisions of the Inland JV and in accordance with ASC 360, Residual is consolidating the Inland JV under the financing method.

As of September 30, 2011, the book value of our investment in Brixmor Residual Holding LLC was approximately \$677.2 million.

- *NP / I&G Institutional Retail Company II, LLC.* We have a joint venture with affiliates of 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. We do not expect that any additional acquisitions of property will be made by this venture. As of September 30, 2011, we had contributed approximately \$14.7 million for such purpose. Additionally, we have agreed to contribute our pro rata share of any additional capital that might be required by the joint venture. As of September 30, 2011, the joint venture owned two stabilized retail properties. The joint venture had loans outstanding of approximately \$15.4 million as of September 30, 2011. As of September 30, 2011, the book value of our investment in NP / I&G Institutional Retail Company II, LLC was approximately \$5.2 million.
- *NPK Redevelopment I, LLC.* We have a joint venture with an affiliate of 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 September 30, 2011. 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 construction loan to the joint venture of approximately \$5.6 million with an interest rate of 7.5% per annum, compounding monthly. As of September 30, 2011, the book value of our investment in NPK Redevelopment I, LLC was approximately \$2.9 million.

- *NP/SSP Baybrook, LLC.* We have a joint venture with an affiliate of 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 September 30, 2011. As of September 30, 2011, the book value of our investment in NP/SSP Baybrook, LLC was approximately \$0.1 million.
- *Westgate Mall, LLC.* We, together with Pearlmark Real Estate Partners, L.L.C (formerly Transwestern Investment Company, L.L.C.) and The Richard E. Jacobs Group, LLC, 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 \$59.7 million as of September 30, 2011. As of September 30, 2011, the book value of our investment in Westgate Mall, LLC was \$1.6 million.

Additionally, we previously had another joint venture with JP Morgan Investment Management Inc., NP / I&G Institutional Retail Company, LLC. In December 2010, we sold our 20% interest in the joint venture to JP Morgan Investment Management Inc. for gross proceeds of approximately \$10.1 million.

Other Funding Obligations

In addition to the joint venture obligations described above, we also had the following contingent contractual obligations as of September 30, 2011, none of which we believe will materially adversely affect us:

- *Letters of Credit.* We have arranged for the provision of three separate letters of credit in connection with certain property or insurance related matters. These letters of credit are secured by a cash collateral agreement. As of September 30, 2011, 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 \$4.7 million.
- *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 September 30, 2011, we had mortgage loans and secured term loans outstanding of approximately \$931.9 million, excluding the impact of unamortized premiums, and our unconsolidated joint ventures had mortgage loans outstanding of approximately \$5.6 billion, excluding the impact of unamortized premiums and discounts. 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):

<u>Year</u>	
2011 (remaining three months)	\$213
2012	878
2013	894
2014	818
2015	778
Thereafter	11,935

- *Redemption and Repurchase Rights.* As of September 30, 2011, there were 650,359 Class A Preferred Units outstanding and not owned by Brixmor or its affiliates. Holders of these Class A Preferred Units have the right to require redemption of their Class A Preferred Units, and each Class A Preferred Unit, is redeemable for \$33.15 plus all accrued and unpaid distributions.

During the three months ended September 30, 2011, no 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 the we receive the redemption election at least ten business days prior to such date.

The holders of notes issued under the Indenture dated as of March 29, 1995 by and between New Plan Excel Realty Trust, Inc. (as successor to “New Plan Realty Trust”) and U.S. Bank Trust National Association, as trustee (as successor to State Street Bank and Trust Company, as successor to The First National Bank of Boston), as amended (the “1995 Indenture”), have a put right that requires the Company 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. As of September 30, 2011, there was \$105.0 million aggregate principal amount of notes outstanding under the 1995 Indenture.

- *Amendment to Residual Joint Venture Operating Agreement.* On June 28, 2011, in connection with the closing of the Transaction and the repayment of the Super Bridge Loan and the Residual Credit Facility, we and Super LLC entered into an amended and restated operating agreement for Residual providing for the pro-rata distribution of between Super LLC (51%) and us (49%).

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. 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.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As of September 30, 2011, we had approximately \$83.8 million of outstanding floating rate mortgages, of which \$80.0 million benefits from an interest rate cap agreement, which effectively limits the interest rate risk. We do not believe that the interest rate risk represented by our floating rate debt is material as of September 30, 2011, in

relation to our approximately \$1.5 billion of outstanding total debt and our approximately \$3.3 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 an interest rate cap agreement on \$80.0 million of debt expiring on July 1, 2013. We will receive a payout under the terms of the caps if the one-month LIBOR rate exceeds 5.00%. The objective for holding this derivative financial instrument is to provide protection against an increase in LIBOR rates. It is also noted that we entered into the interest rate cap agreements as a requirement of our lender in issuing the Mortgage Loan. As of September 30, 2011, the one-month LIBOR rate did not exceed the cap rate and, therefore, no payment was 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.

Our variable rate debt is comprised primarily of the Mortgage Loan, which bears interest at a rate equal to LIBOR (subject to a 0.75% floor). 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 \$0.4 million. If market rates of interest on our variable rate debt decrease by 0.239% (the LIBOR rate as of September 30, 2011), there would be no impact on our interest expense. This assumes that the amount outstanding under our variable rate debt remains at approximately \$83.8 million, the balance as of September 30, 2011. If market rates of interest increase by 1%, the fair value of our total outstanding debt would decrease by approximately \$26.4 million. If market rates of interest decrease by 1%, the fair value of our total outstanding debt would increase by approximately \$14.6 million. This assumes that our total debt outstanding remains at approximately \$1.5 billion, the balance as of September 30, 2011.

As of September 30, 2011, 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 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) and 15d-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. In connection with a specific tenant litigation, we maintain an aggregate reserve of approximately \$4.3 million as of September 30, 2011. Given the current status of the tenant litigation, we believe that any loss in excess of the established reserve would be immaterial.

Item 1A. Risk Factors

Overview

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.

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 available 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 and overall demand for retail space and could adversely affect our business.

Reduction of rental income would adversely affect our profitability and our ability to meet our financial obligations. A substantial portion of our income is derived from rental income from real property. As a result, our performance depends on our ability to collect rent from tenants. Our income would be negatively affected if a significant number of our tenants, or any of our major tenants (i) decline to extend or renew leases upon expiration; (ii) fail to make rental payments when due; or (iii) declare bankruptcy and reject leases.

Any of these actions could result in the termination of the tenants' lease and the loss of rental income attributable to the terminated leases. In addition, lease terminations by an anchor tenant or a failure by that anchor tenant to occupy the premises could also result in lease terminations or reductions in rent by other tenants in the same shopping centers under the terms of some leases. In these events, we cannot be sure that any tenant whose lease expires will renew that lease or that we will be able to re-lease space on economically advantageous terms. The loss of rental revenues from a number of our tenants and our inability to replace such tenants, particularly in the case of a substantial tenant with leases in multiple locations, may adversely affect our profitability, our ability to meet debt and other financial obligations.

The occurrence of any of the situations described above, particularly if it involves a substantial tenant with leases in multiple locations, could harm our performance. As of September 30, 2011, 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.

Adverse global economic and market conditions may continue to adversely affect our performance. Market and economic conditions have declined with increased volatility and diminished expectations for the U.S. economy. Concerns continue about the systemic impact of the availability and cost of credit, the U.S. mortgage market, inflation, energy costs, geopolitical issues and declining capital and real estate markets. The retail shopping sector has been negatively affected by these conditions. As a result, our tenants may decline to extend or renew leases upon expiration and/or renew at lower rates. These conditions also have forced weaker retailers, in some

cases, to declare bankruptcy and/or close stores and certain retailers have announced store closings even though they have not filed for bankruptcy protection. These bankruptcies and store closings may negatively impact our ability to re-lease space in these centers, may result in lower rents for any new tenants and may also result in a decrease of rental payments from existing tenants at those centers. Additionally, adverse conditions could also result in the revaluation of our investments in real estate joint ventures and partnerships.

We are unable to predict whether, or to what extent or for how long, these adverse market and economic conditions will persist. The continuation and/or intensification of these conditions may impede our ability to generate sufficient operating cash flow to pay expenses, maintain properties, and refinance debt. Ongoing adverse market and economic conditions and market volatility will likely continue to make it difficult to value the properties and investments owned by us and our joint ventures. There may be significant uncertainty in the valuation, or in the stability of the value, of such properties and investments that could result in a substantial decrease in the value thereof.

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, (i) changes in national, regional and local economic climate; (ii) 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; (iii) the attractiveness of our properties to tenants; (iv) the financial stability of tenants, including the ability of tenants to pay rent; (v) competition from other available properties; (vi) changes in market rental rates; (vii) the need to periodically fund the costs to repair, renovate and re-let space; (viii) changes in operating costs, including costs for maintenance, utilities, insurance and real estate taxes; (ix) earthquakes, tornados, hurricanes and other natural disasters, civil unrest, terrorist acts or acts of war, which may result in uninsured or underinsured losses; (x) 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 (xi) changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes.

We may be unable to obtain financing through the debt market, mortgage loan financings or other capital alternatives, which could have a material adverse effect on our operating results and our financial condition. 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 access the credit markets 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.

In addition, adverse changes in our credit ratings could impair our ability to obtain additional financing on favorable terms, if at all.

We cannot assure you that we will be able to access the capital and credit markets to obtain additional financing or that we will be able to obtain financing on favorable terms. The inability to obtain financing could have negative effects on our business, such as, (i) our liquidity could be adversely affected; (ii) we may be unable to repay or refinance our indebtedness; and (iii) we may need to make higher interest and principal payments or sell some of our assets on unfavorable terms to fund our indebtedness.

Our financial covenants will restrict our operating, acquisition and disposition activities. Certain agreements governing our indebtedness 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. 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.

We no longer have access to a liquidity facility to finance any liquidity requirements, and our current sources of capital may be insufficient to satisfy our financial obligations. Our short-term liquidity requirements consist primarily of funds necessary to pay for operating and other expenses directly associated with our portfolio of properties, management fees, interest expense and scheduled principal payments on our outstanding debt and capital expenditures incurred relating to the maintenance, leasing and redevelopment of our properties. Our current redevelopment pipeline in our portfolio of properties in which we have an interest is comprised of nine projects, the aggregate cost of which, including costs incurred in prior years on these projects, is expected to be approximately \$52.1 million. We presently have \$33.0 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.

We presently intend to finance any capital requirements from excess cash flow from operations, distributions from Residual and the Galileo JV, capital contributions from Super LLC 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 Indentures and the potential sale of assets, which are also subject to restrictions under the terms of the Indentures and certain mortgage loans. If these sources of liquidity are unavailable or are not available on favorable terms or in sufficient amounts, we may be unable to satisfy our financial obligations.

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. We may need to dispose of certain assets to fund our long term operations or refinance maturing debt. We do not currently have a credit facility and may depend on selective asset sales to generate cash proceeds. Our ability to generate cash from asset sales is limited by market conditions, and our ability to sell properties in the future in order to raise cash will necessarily be limited if market conditions make such sales unattractive. Additionally, our ability to sell assets is also restricted by certain covenants included in the Indentures. 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.

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 September 30, 2011, we had approximately \$931.9 million of mortgage debt outstanding, excluding the impact of unamortized premiums and our unconsolidated joint ventures had mortgage loans and term loan indebtedness outstanding of approximately \$5.6 billion, excluding the impact of premiums and discounts. 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.

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 and 2010. Although we have not seen as many bankruptcies during the first nine months of 2011, 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 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, (i) abandonment of redevelopment activities after expending resources to determine feasibility; (ii) construction and/or lease-up delays; (iii) cost overruns, including construction costs that exceed our original estimates; (iv) failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all; and (v) 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.

We intend to finance any redevelopment costs with excess cash from operations or, to the extent necessary, with distributions from Residual and the Galileo JV, equity contributions from Super LLC 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 Indentures. If any of these sources of capital are unavailable or unavailable in sufficient amounts 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. These investments involve risks not present in wholly owned investments, including the following, (i) in these investments, we do not have exclusive control over the financing, leasing, management, redevelopment activities and other aspects of the project, which may prevent us from taking actions that are opposed by our joint venture partners; (ii) 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; (iii) 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; (iv) 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; (v) 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; (vi) 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 (vii) we might be liable for the actions of our joint venture partners in certain circumstances.

As of September 30, 2011, we had approximately \$837.7 million of investments in and advances to nine unconsolidated joint ventures that own an aggregate of 411 properties. The largest of these investments are our investments in Residual and the Galileo JV. We have a 49% equity interest in each of Residual and the Galileo JV. Our investments in Residual and the Galileo JV are subject to the risks described above for jointly owned investments. As of September 30, 2011, Residual was comprised of 291 stabilized assets and 14 properties under redevelopment, including properties contributed to the joint venture formed with Inland American CP Investment,

LLC. Additionally, Residual has an interest in one property held through an unconsolidated joint venture. As of September 30, 2011, the Galileo JV was comprised on 93 stabilized assets and two properties under redevelopment.

Potential continued deterioration of investments in / advances to unconsolidated joint ventures. With the deterioration in value in the U.S. retail real estate markets over the past two years 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 \$2.0 million of impairment recorded by us that was deemed to be an other than temporary impairment during the year ended December 31, 2010.

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.

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.

In addition, under the terms and conditions of the leases currently in force on our properties, tenants generally are required to indemnify and hold us harmless from liabilities resulting from injury to persons, air, water, land or property, on or off the premises, due to activities conducted on the properties, except for claims arising from our negligence or intentional misconduct or that of our agents. Tenants are generally required, at the tenant's expense, to obtain and keep in full force during the term of the lease, liability and property damage insurance policies. We cannot provide assurance that the tenants will properly maintain their insurance policies or have the ability to pay the deductibles. Should a loss occur that is uninsured or in an amount exceeding the combined aggregate limits for the policies noted above, or in the event of a loss that is subject to a substantial deductible under an insurance policy, we could lose all or part of our capital invested in, and anticipated revenue from, one or more of the properties, which could have a material adverse effect on our operating results and financial condition.

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.

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 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 September 30, 2011, leases were scheduled to expire on a total of approximately 4.0% of the space at our properties (excluding our pro rata share of properties owned by unconsolidated joint ventures) during the remaining three months of 2011. 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.

Compliance with the Americans with Disabilities Act and fire, safety and other regulations may require us to make unintended expenditures that adversely affect our cash flows. All of our properties are required to comply with the Americans with Disabilities Act (“ADA”). The ADA has separate compliance requirements for “public accommodations” and “commercial facilities,” but generally requires that buildings be made accessible to people with disabilities. Compliance with the ADA requirements could require removal of access barriers, and noncompliance could result in imposition of fines by the U.S. government or an award of damages to private litigants, or both. While the tenants to whom we lease properties are obligated by law to comply with the ADA provisions, and typically under tenant leases are obligated to cover costs associated with compliance, if required changes involve greater expenditures than anticipated, or if the changes must be made on a more accelerated basis than anticipated, the ability of these tenants to cover costs could be adversely affected. As a result, we could be required to expend funds to comply with the provisions of the ADA, which could adversely affect the results of operations and financial condition. In addition, we are required to operate the properties in compliance with fire and safety regulations, building codes and other land use regulations, as they may be adopted by governmental agencies and bodies and become applicable to the properties. We may be required to make substantial capital expenditures to comply with those requirements, and these expenditures could have a material adverse effect on our ability to meet the financial obligations.

Changes in accounting standards may adversely impact our financial condition and results of operations. The Financial Accounting Standards Board, in conjunction with the Securities and Exchange Commission, has several key projects on their agenda that could impact how we currently account for our material transactions, including lease accounting and other convergence projects with the International Accounting Standards Board. We believe that these and other potential proposals could have varying degrees of impact on us ranging from minimal to material. At this time, we are unable to predict with certainty which, if any, proposals may be passed or what level of impact any such proposal could have on us.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Nothing to report under this Item.

Item 3. Defaults Upon Senior Securities

Nothing to report under this Item.

Item 4. (Removed and Reserved)

Nothing to report under this Item.

Item 5. Other Information

Nothing to report under this Item.

Item 6. Exhibits

<u>Exhibit Number</u>	<u>Exhibit Description</u>
3.1*	Articles of Organization of Super Intermediate Co. LLC (now known as Centro NP LLC), dated as of February 26, 2007 (filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-12244)).
3.2 *	Articles of Amendment of Articles of Organization of Super Intermediate Co. LLC (now known as Centro NP LLC), dated as of May 3, 2007 (filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-12244)).
3.3*	Articles of Amendment to the Articles of Organization of Centro NP LLC (now known as Brixmor LLC), dated as of September 19, 2011 (included as Exhibit 3.1 to the Company's Current Report, dated September 28, 2011 (posted on www.brixmor.com)).
3.4*	Second Amended and Restated Limited Liability Company Agreement of Centro NP LLC (now known as Brixmor LLC), dated as of June 5, 2007 (filed as Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-12244)).
3.5*	First Amendment to the Second Amended and Restated Limited Liability Company Agreement of Centro NP LLC (now known as Brixmor LLC), dated as of September 20, 2011 (posted on www.brixmor.com).
101.1 ^T	Interactive Data File (Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011, furnished in XBRL: i) Consolidated Statements of Operations and Comprehensive Income, ii) Consolidated Balance Sheets and iii) Consolidated Statements of Cash Flow.

* Incorporated herein by reference as indicated above.

^T Furnished herewith.

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: November 28, 2011

BRIXMOR LLC

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

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