Centro NP LLC
Form 10-Q
August 14, 2009

# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# Form 10-Q

**(Mark One)**

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2009**

**OR**

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission file number 1-12244**

# CENTRO NP LLC

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **MARYLAND** | **64-0955724** |
| (State or other Jurisdiction of Incorporation) | (IRS Employer Identification No.) |

**420 Lexington Avenue, New York, New York 10170**

(Address of Principal Executive Offices) (Zip Code)

**212-869-3000**

(Registrant s Telephone Number, Including Area Code)

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. **YES** o **NO** x

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (sub-section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **YES** o **NO** x

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

| | |
|---|---|
| **Large Accelerated Filer** o | **Accelerated Filer** o |
| **Non-Accelerated Filer** x | **Smaller reporting company** o |

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **YES** o **NO** x

The registrant does not have common stock.

**Forward-Looking Statements**

This Quarterly Report on Form 10-Q, together with other statements and information publicly disseminated by Centro NP LLC (as successor by merger and liquidation to New Plan Excel Realty Trust, Inc.) ( we ), contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act ). Such statements are based on assumptions and expectations which may not be realized and are inherently subject to risks, uncertainties and other factors, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, performance, transactions or achievements, financial or otherwise, may differ materially from the results, performance, transactions or achievements expressed or implied by the forward-looking statements. Risks, uncertainties and other factors that might cause such differences, some of which could be material, include, but are not limited to:

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

- risks of default in credit facilities of our affiliates which could cause cross-defaults in our credit facilities;

- risks of real estate acquisition and development, including the failure of pending developments and redevelopments to be completed on time and within budget and the failure of newly developed properties to perform as expected;

- risks of disposition strategies, including the failure to complete sales on a timely basis;

- risks of joint venture activities; and

- other risks identified in this Quarterly Report on Form 10-Q and, from time to time, in other reports we file with the Securities and Exchange Commission (the SEC) or in other documents that we publicly disseminate.

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

## PART I FINANCIAL INFORMATION

### Item 1. Financial Statements

**CENTRO NP LLC AND SUBSIDIARIES**

**(AS SUCCESSOR TO NEW PLAN EXCEL REALTY TRUST, INC.)**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**

**(Unaudited, in thousands)**

| | Three Months Ended June 30 2009 | Three Months Ended June 30 2008 | Six Months Ended June 30, 2009 | Six Months Ended June 30, 2008 |
|---|---|---|---|---|
| Revenues: | | | | |
| Rental income | $ 56,210 | $ 75,239 | $ 118,228 | $ 167,426 |
| Percentage rents | 943 | 1,114 | 2,234 | 2,260 |
| Expense reimbursements | 15,949 | 20,153 | 31,963 | 43,011 |
| Fee income | 4,994 | 8,423 | 9,340 | 15,732 |
| Total revenues | 78,096 | 104,929 | 161,765 | 228,429 |
| | | | | |
| Operating Expenses: | | | | |
| Operating costs | 15,969 | 17,487 | 32,440 | 40,081 |
| Real estate taxes | 10,209 | 11,927 | 20,602 | 26,167 |
| Depreciation and amortization | 29,810 | 45,342 | 63,201 | 100,243 |
| Provision for doubtful accounts | 644 | 1,222 | 1,641 | 1,608 |
| Impairment of real estate | 8,100 | 81,261 | 16,279 | 81,261 |
| Impairment of goodwill and other intangibles | | 173,536 | | 173,536 |
| General and administrative | 5,258 | 8,444 | 9,073 | 16,711 |
| Total operating expenses | 69,990 | 339,219 | 143,236 | 439,607 |
| | | | | |
| Income (loss) from continuing operations before income of investments accounted for under the equity method, interest and other income and expenses | 8,106 | (234,290) | 18,529 | (211,178) |
| | | | | |
| Other income and expenses: | | | | |
| Interest, dividend and other income | 10,030 | 1,202 | 11,096 | 571 |
| Equity in income (loss) of unconsolidated ventures | 5,155 | (2,781) | 3,302 | (4,504) |
| Impairment of investments accounted for under the equity method | (182,394) | (6,163) | (185,016) | (6,163) |
| Interest expense | (20,563) | (25,818) | (42,725) | (51,121) |
| Loss from continuing operations | (179,666) | (267,850) | (194,814) | (272,395) |
| | | | | |
| Discontinued operations: | | | | |
| Gain (loss) from discontinued operations | 362 | (30,016) | (205) | (30,6570 |
| | | | | |
| Net loss | (179,304) | (297,866) | (195,019) | (303,052) |
| Net income (loss) attributable to non-controlling interests in partnerships | 13 | 18 | 37 | (42) |
| | (368) | (1,588) | (736) | (3,174) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Net loss attributable to redeemable non-controlling interests in partnerships | | | | | | | | |
| Net loss attributable to Centro NP LLC | $ | (179,659) | $ | (299,472) | $ | (195,719) | $ | (306,268) |
| | | | | | | | | |
| Other comprehensive loss | | | | | | | | |
| Unrealized gain (loss) on available-for-sale securities | | 9 | | (147) | | (47) | | (163) |
| Comprehensive loss attributable to Centro NP LLC | $ | (179,650) | $ | (299,619) | $ | (195,765) | $ | (306,431) |

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

**CENTRO NP LLC AND SUBSIDIARIES**

**(AS SUCCESSOR TO NEW PLAN EXCEL REALTY TRUST, INC.)**

**CONSOLIDATED BALANCE SHEETS**

**(Unaudited, in thousands)**

| | June 30, 2009 | December 31, 2008 |
|---|---|---|
| **ASSETS** | | |
| Real estate: | | |
| Land | $ 783,027 | $ 946,995 |
| Building and improvements | 1,689,108 | 2,008,688 |
| Accumulated depreciation and amortization | (114,404) | (117,518) |
| Net real estate | 2,357,731 | 2,838,165 |
| Real estate held for sale | | 5,044 |
| Cash and cash equivalents | 28,514 | 51,453 |
| Restricted cash | 19,748 | 25,855 |
| Marketable securities | 9,678 | 10,038 |
| Receivables: | | |
| Trade, net of allowance for doubtful accounts of $14,689 and $17,178 at June 30, 2009 and December 31, 2008, respectively | 21,295 | 23,166 |
| Deferred rent, net of allowance of $101 and $259 at June 30, 2009 and December 31, 2008, respectively | 10,763 | 12,838 |
| Other, net | 32,393 | 35,027 |
| Prepaid expenses and deferred charges | 19,120 | 13,526 |
| Investments in/advances to unconsolidated ventures | 576,263 | 673,062 |
| Intangible assets, net of accumulated amortization of $163,864 and $168,272 at June 30, 2009 and December 31, 2008, respectively | 358,191 | 461,210 |
| Other assets | 410 | 8,005 |
| Total assets | $ 3,434,106 | $ 4,157,389 |
| | | |
| **LIABILITIES AND EQUITY** | | |
| Liabilities: | | |
| Mortgages payable, including unamortized premium of $6,642 and $8,434 at June 30, 2009 and December 31, 2008, respectively | $ 379,998 | $ 408,863 |
| Notes payable, net of unamortized premium of $24,629 and $26,704 at June 30, 2009 and December 31, 2008, respectively | 733,252 | 856,921 |
| Credit facilities | 470,200 | 479,584 |
| Capital leases | 29,939 | 30,266 |
| Other liabilities | 277,496 | 338,548 |
| Redemption rights | | 9,386 |
| Tenant security deposits | 6,106 | 7,467 |
| Total liabilities | 1,896,991 | 2,131,035 |
| | | |
| Redeemable non-controlling interests in partnerships | 24,542 | 25,051 |
| Commitments and contingencies | | |
| | | |
| Members equity: | | |
| Members equity | 2,820,864 | 3,113,809 |
| Accumulated other comprehensive loss | (170) | (123) |
| Accumulated losses | (1,311,175) | (1,115,422) |
| Total Centro NP LLC equity | 1,509,519 | 1,998,264 |
| Non-controlling interest in partnerships | 3,054 | 3,039 |

| | | | | |
|---|---|---|---|---|
| Total equity | | 1,512,573 | | 2,001,303 |
| Total liabilities and equity | $ | 3,434,106 | $ | 4,157,389 |

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

**CENTRO NP LLC AND SUBSIDIARIES**

**(AS SUCCESSOR TO NEW PLAN EXCEL REALTY TRUST, INC.)**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(Unaudited, in thousands)**

| | Six Months Ended June 30, 2009 | Six Months Ended June 30, 2008 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net loss | $ (195,019) | $ (306,268) |
| Adjustments to reconcile net loss to net cash provided by (used in) operations: | | |
| Depreciation and amortization | 63,553 | 104,701 |
| Amortization of net premium/discount on mortgages and notes payable | (3,448) | (3,920) |
| Amortization of deferred debt and loan acquisition costs | 878 | 7,597 |
| Amortization of asset retirement liabilities | 41 | 58 |
| Amortization of below market leases | (18,618) | (27,710) |
| Impairment of real estate | 16,279 | 113,226 |
| Impairment of goodwill and other intangibles | | 173,536 |
| Impairment of investments accounted for under the equity method | 185,018 | 6,163 |
| Loss on sale of marketable securities | (25) | 1,600 |
| Loss on sale of discontinued operations, net | (437) | (615) |
| Equity in (loss) income of unconsolidated ventures | (744) | 6,706 |
| Bond tender debt forgiveness | (8,512) | |
| Changes in operating assets and liabilities, net: | | |
| Change in restricted cash | 6,107 | 3,056 |
| Change in trade receivables | (2,993) | (5,369) |
| Change in deferred rent receivables | (722) | (3,897) |
| Change in other receivables | 1,740 | (11,002) |
| Change in other liabilities | (25,439) | (54,591) |
| Change in tenant security deposits | (315) | (564) |
| Change in prepaid expenses, deferred charges and other assets | (4,957) | 10,276 |
| Net cash provided by operating activities | 12,387 | 12,983 |
| | | |
| Cash flows from investing activities: | | |
| Real estate acquisitions and building improvements | (21,112) | (61,098) |
| Proceeds from real estate sales, net | 18,578 | 22,889 |
| Proceeds from sale of marketable securities, net | 5,382 | 2,042 |
| Repayments of mortgage notes receivable, net | | 1,489 |
| Cash from joint venture consolidation | | 5,904 |
| Capital contributions to unconsolidated joint ventures | | (1,464) |
| Purchase of marketable securities | (5,044) | (399) |
| Distributions of capital from unconsolidated joint ventures | 161,947 | |
| Net cash provided by (used in) investing activities | 159,755 | (30,637) |
| | | |
| Cash flows from financing activities: | | |
| Cash paid to redeem partnership units | (9,386) | (9,288) |
| Principal payments of mortgages and notes payable | (27,400) | (11,197) |
| Proceeds from credit facility | | 38,300 |
| Repayment of credit facility | (9,384) | (14,055) |
| Financing fees | (1,436) | (4,654) |
| Distributions to parent | (202,247) | (5,016) |
| Distributions to non-controlling interests | (1,245) | 3,216 |
| Contributions from parent | 169,098 | |

| | | | | |
|---|---|---|---|---|
| Redemption of notes payable | | (113,082) | | |
| Net cash used in financing activities | | (195,082) | | (2,694) |
| Net decrease in cash and cash equivalents | | (22,940) | | (20,348) |
| Cash and cash equivalents at beginning of period | | 51,453 | | 34,706 |
| Cash and cash equivalents at end of period | $ | 28,513 | $ | 14,358 |
| Supplemental Cash Flow Disclosure, including Non-Cash Activities: | | | | |
| Cash paid for interest | $ | 55,395 | $ | 21,907 |
| Capitalized interest | | 2,953 | | 2,598 |
| State and local taxes paid | | 25 | | 1,106 |
| Distribution of entity interest to parent (1) | | 259,787 | | 369,553 |
| Contribution of entity interest to Centro NP Residual Holding LLC (2) | | 249,600 | | 355,060 |
| Service Business Transfer to parent (3) | | | | 221,842 |

(1) Recorded in connection with investment in an unconsolidated venture, Centro NP Residual Holding LLC discussed in Note 7.
(2) Recorded in connection with the Merger discussed in Note 1.
(3) Recorded in connection with the Distribution, Contribution and Assignment Agreement discussed in Note 1.

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

**CENTRO NP LLC AND SUBSIDIARIES**

**(AS SUCCESSOR TO NEW PLAN EXCEL REALTY TRUST, INC. (THE PREDECESSOR ))**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1: Merger and Liquidation**

On February 27, 2007, New Plan Excel Realty Trust, Inc. ( New Plan ), and Excel Realty Partners, L.P., a Delaware limited partnership in which New Plan, through a wholly owned subsidiary, was the general partner, entered into an Agreement and Plan of Merger (the Merger Agreement ) with Centro NP LLC (formerly Super IntermediateCo LLC) ( Centro NP or The Company ), Super MergerSub Inc. ( MergerSub ), and Super DownREIT MergerSub LLC ( Super REIT MergerSub and together with Centro NP and MergerSub, the Buyer Parties ). Pursuant to the Merger Agreement, MergerSub commenced and completed a tender offer (the Offer ) to purchase all outstanding shares of common stock, par value $0.01 per share ( Common Stock ), of New Plan. On April 20, 2007, New Plan and the Buyer Parties completed the other transactions contemplated by the Merger Agreement, pursuant to which, among other things, MergerSub merged with and into New Plan (the Merger ), with New Plan surviving the Merger, and in connection therewith, Super DownREIT Acquisition L.P. ( DownREIT Acquisition ) merged with and into Excel Realty Partners, L.P. (the DownREIT Partnership ), with the DownREIT Partnership continuing as the surviving limited partnership (the DownREIT Merger, and together with the Merger, the Mergers ). As a result of the Merger, New Plan became a wholly owned subsidiary of Centro NP and any stockholder who held shares of Common Stock prior to the Merger ceased to be a stockholder effective as of the Merger.

On April 20, 2007, immediately following the Merger, New Plan, as the surviving corporation of the Merger, was liquidated (the Liquidation ), and in connection with the Liquidation, (a) all of New Plan s assets were transferred to, and all of its liabilities were assumed by, Centro NP, (b) all outstanding shares of preferred stock of New Plan were automatically converted into, and cancelled in exchange for the right to receive, cash liquidating distributions in accordance with their terms, and (c) all shares of Common Stock of New Plan were cancelled. As a result of the Merger and Liquidation, New Plan filed a Certification and Notice of Termination of Registration on Form 15 pursuant to which it terminated its reporting obligations under the Securities Exchange Act of 1934, as amended (the Exchange Act ) with respect to its Common Stock and 7.625% Series E Cumulative Redeemable Preferred Stock.

Immediately following the Merger and the Liquidation, the Company s employees became employees of Centro US Management Joint Venture 2, LP (formerly known as Centro Watt Management Joint Venture 2, L.P. and referred to in these notes as the Management Joint Venture ). The distribution occurred in order to comply with certain tax restrictions applicable to the Company s ultimate equity owners and to permit such employees to serve management functions at other properties controlled by the Company s affiliates. Following this distribution, Centro Super Management Joint Venture 2, LLC, a wholly-owned, indirect subsidiary of the Management Joint Venture (the Company Management Joint Venture ), managed the Company s properties, although during a transition period, certain of the Company s subsidiaries continued to provide payroll, benefit and other transition services with respect to the Company s former employees. Such transition services continued through April 30, 2008. Contracts memorializing the management services arrangements under which the Company has been operating were entered into on March 28, 2008 in connection with an amendment to the Company s revolving credit facility.

Although the Company s employees were employed by the Management Joint Venture shortly following the Merger and Liquidation, for the period January 1, 2008 to April 30, 2008, the Company continued to incur all costs relating to the payroll and benefits of the Company s employees employed by the Management Joint Venture as well as incurring other transition services while the Management Joint Venture finalized arrangements to replicate such functions.

As the Company continued to provide services on a transitionary basis through April 30, 2008, for accounting purposes, the Distribution, Contribution and Assignment Agreement (the Distribution Agreement ) entered into by the Company, Super LLC, Management Joint Venture, Centro US Employment Company, LLC and Centro New Plan Inc. (a member of Super LLC) dated March 28, 2008, has not been reflected during the period to April 30, 2008. The distribution has been reflected in the consolidated financial statements covered in this report as of May 1, 2008. As a result, certain assets and liabilities have been distributed out as of May 1, 2008. The significant assets and liabilities that were distributed out of the Company in relation to the Distribution Agreement (the Service Business Transfer ) were goodwill, furniture and fittings, and employee benefits related accruals/reserves. The total net assets distributed as part of the Service Business Transfer were $221.9 million. Refer to further information included in Note 3 relating to the impairment of goodwill prior to Service Business Transfer.

**CENTRO NP LLC AND SUBSIDIARIES**

**(AS SUCCESSOR TO NEW PLAN EXCEL REALTY TRUST, INC. (THE PREDECESSOR ))**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

In connection with the Mergers, Centro NP, 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 (as successor to New Plan Realty Trust) 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 Centro NP of all of the obligations of New Plan under each of the Indentures, effective upon consummation of the Merger.

Centro NP, as the successor obligor on New Plan s unsecured senior notes, intends to continue to file with the SEC any annual reports, quarterly reports and other documents that it is required to file with the SEC pursuant to the Indentures governing the unsecured senior notes.

**Note 2: Description of Business**

Centro NP LLC (together with its wholly-owned and majority-owned subsidiaries and consolidated entities, the Company ) was formed in February 2007 in connection with the Offer and the Mergers, and to succeed the operations of New Plan Excel Realty Trust, Inc. (together with its wholly-owned and majority-owned subsidiaries and consolidated entities, New Plan or the Predecessor ). Prior to the consummation of the Offer and the Mergers, the Company engaged in no activities other than those incident to its formation and the execution of the Merger Agreement. The principal business of the Company is the ownership and development of community and neighborhood shopping centers throughout the United States. Prior to the consummation of the Mergers and the Liquidation (described in Note 1, Merger and Liquidation ) the Predecessor was operated as a self-administered, self-managed real estate investment trust ( REIT ). As a result of the Merger and Liquidation, the Company is no longer operating as a REIT. On May 3, 2007, the Company s name was changed from Super IntermediateCo LLC to Centro NP LLC.

**Note 3: Summary of Significant Accounting Policies**

Principles of Consolidation

All references to we, us, our, ours, Centro NP or the Company in these notes refer to Centro NP LLC and its wholly-owned and majority subsidiaries and consolidated entities, unless the context indicates otherwise. All references to the Predecessor or New Plan in these notes refer to New Plan Excel Realty Trust, Inc. and its wholly-owned and majority owned subsidiaries and consolidated entities, as it existed prior to April 5, 2007, unless the context indicates otherwise.

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

**CENTRO NP LLC AND SUBSIDIARIES**

**(AS SUCCESSOR TO NEW PLAN EXCEL REALTY TRUST, INC. (THE PREDECESSOR ))**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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 FASB Interpretation No. 46R, *Consolidation of Variable Interest Entities* ( FIN 46 ) and (iii) whether the Company has a controlling interest in the entity, in accordance with the FASB s Emerging Issues Task Force ( EITF ) Issue No. 04-5, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights* ( EITF 04-5 ). The Company consolidates (i) entities that are VIEs that the Company is deemed to be the primary beneficiary of in accordance with FIN 46 and (ii) entities that are non-VIEs which the Company controls in accordance with EITF 04-5. Entities that the Company accounts for under the equity method (i.e., at cost, increased or decreased by the Company s share of earnings or losses, less distributions) include (i) entities that are VIEs that the Company is not deemed to be the primary beneficiary of and (ii) entities that are non-VIEs which the Company does not control, but over which the Company has the ability to exercise significant influence. The Company will reconsider its determination of whether an entity is a VIE and who qualifies as the primary beneficiary if certain events occur that are likely to cause a change in the original determinations.

Basis of Presentation

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

Going Concern

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

The half yearly financial statements of the Company s ultimate parents, Centro Properties Limited ( CPL ) and Centro Property Trust ( CPT ), which were filed with Australian regulatory bodies on February 26, 2009, identified material uncertainty (equivalent to substantial doubt) about those entities ability to continue as a going concern.

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

The extension of certain debt facilities to December 31, 2010 provides the Company with more time to consider a range of different plans to address its longer term liquidity issues and potential funding from distributions from the Residual Joint Venture and potential asset sales, among other things, should provide the Company with the ability to pay its debts as and when they become due and payable.

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

Cash Equivalents

Cash equivalents consist of short-term, highly liquid debt instruments with maturities of three months or less at acquisition. At times, cash balances at a limited number of banks may exceed insurable amounts. The Company believes it mitigates this risk by investing in or through major financial institutions. As of June 30, 2009, the Company had not identified any specific counter-party credit risk in relation to its cash balances.

**CENTRO NP LLC AND SUBSIDIARIES**

**(AS SUCCESSOR TO NEW PLAN EXCEL REALTY TRUST, INC. (THE PREDECESSOR ))**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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 $14.7 million and $17.2 million as of June 30, 2009 and December 31, 2008, 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. The below-market value of leases is recorded in other liabilities.

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

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

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

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

Long-Lived Assets

On a periodic basis, management assesses whether there are any indicators that the value of its long-lived assets may be impaired. A held for use long-lived asset s value is impaired only if management s estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the asset (taking into account the anticipated holding period of the asset) is less than the carrying value. Such estimate of cash flows considers factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other economic factors. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the fair value of the asset, and reflected as an adjustment to the basis of the asset.

In conducting an impairment analysis of the Company s long-lived assets, management applied a probability weighting as to how long the assets would be held prior to disposal, as contemplated in Statement of Financial Accounting Standard ( SFAS ) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* ( SFAS No. 144 ). The probability weighting takes into consideration the likelihood of disposal of each asset. During the three months ended June 30, 2009, due to deterioration of forecasted cash flows from operational factors (such as increased vacancies and tenant bankruptcies) over the estimated holding period, nine properties were identified as being impaired in accordance with SFAS No. 144. For the six months ended June 30, 2009, a total of 13 properties were identified as being impaired in accordance with SFAS No. 144. For the three and six months ended June 30, 2009, the total impairment charge on all properties was $8.1 million and $16.3 million, respectively.

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 June 30, 2009 the Company did not have any assets designated as held for sale. As of December 31, 2008, one property was classified as held for sale. This property was disposed of during the six months ended June 30, 2009. Refer to Note 4 for further information. Refer to Note 5 for further information on assets designated 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 three and six months ended June 30, 2009, management identified an other than temporary loss in value in six of its investments accounted for under the equity method, namely Centro NP Residual Holding LLC, Centro GA America, LLC, NP/I&G Institutional Retail Company, LLC, NP/I&G Institutional Retail Company II, LLC, NPK Redevelopment, LLC and Westgate Mall, LLC. The other than temporary impairment charge for the three months ended June 30, 2009 was $182.4 million. The other than temporary impairment charge for the six months ended June 30, 2009 was $185.0 million. Management has identified that the cause for the other than temporary loss is the decrease in the fair value of the underlying real estate investments of each of the investments accounted for under the equity method. The decrease in fair value of the underlying real estate has been caused by a weakening in the performance of the properties due to increased vacancies and market conditions, which has significantly reduced forecast cash flows for these properties. See Note 7 for additional information.

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Deferred Leasing and Loan Origination Costs

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

Internal Leasing Costs

The Company capitalizes internal leasing costs in accordance with SFAS No. 91, *Nonrefundable Fees & Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases.* Please refer to the following table for additional information regarding the capitalization of internal leasing costs (dollars in thousands).

| | | |
|---|---|---|
| Balance at December 31, 2008 | $ | 2,985 |
| Costs capitalized (1) | | |
| Amortization / write-offs | | 1,040 |
| | | |
| Balance at June 30, 2009 | $ | 1,945 |

(1) There were no capitalized leasing costs during the three or six months ended June 30, 2009 as all of the Company s leasing services are provided by the Management Joint Venture, as discussed at Note 1.

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 APB Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock,* 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. As a result of this impairment analysis, impairments have been identified and recorded on one of the Company s investments in / advances to unconsolidated ventures. Further information relating to these impairments is provided at Note 7.

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 over a period of 10 to 40 years. These assets are stated at cost, net of accumulated amortization.

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The Company undertook an impairment analysis of its intangible assets balance as of May 1, 2008 as part of its SFAS No. 142 impairment analysis over the Company s goodwill prior to its distribution on May 1, 2008. Based on the analysis, it was determined that the Company s property management rights and asset management fee stream were impaired. Accordingly, an impairment loss of approximately $19.2 million was recorded against the Company s intangible asset balance for the period ended June 30, 2008. In accordance with SFAS No. 144, and based on the results of a review of the existence of impairment indicators, no impairment charges were recorded for the three or six months ended June 30, 2009.

Derivative/Financial Instruments

The Company accounts for derivative and hedging activities in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* ( SFAS No. 133 ) and SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities*. These accounting standards require the Company to measure derivatives, including certain derivatives embedded in other contracts, at fair value and to recognize them in the Consolidated Balance Sheets as assets or liabilities, depending on the Company s rights or obligations under the applicable derivative contract. The Company does not qualify for hedge accounting under SFAS No. 133. Accordingly, for all derivative instruments the changes in fair value of the derivative instrument is recorded in earnings. During the six months ended June 30, 2009, the Company entered into five interest rate cap agreements over principal of $470.0 million of debt which expires on December 31, 2010. The Company would receive a payout under the terms of the respective interest rate cap agreements if the one-month LIBOR rate exceeds 2.60%. During the three and six months ended June 30, 2009, the one-month LIBOR rate did not exceed the cap rate and therefore no payments were received. Refer to further information provided at Note 11, which details required disclosure information in accordance with SFAS No. 161, *Disclosures about derivative instruments and hedging activities - an amendment to FASB Statement No. 133*.

Asset Retirement Obligations

The Company accounts for its conditional asset retirement obligations in accordance with FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* ( FIN 47 ). 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. In accordance with FIN 47, the Company has reasonably estimated the fair value of its conditional asset retirement obligations and has recognized a liability for conditional asset retirement obligations of approximately $1.3 million as of June 30, 2009.

General Liability Insurance

The Company has one wholly-owned captive insurance company, ERT CIC, LLC ( ERT CIC ), which underwrites the first layer of general liability insurance programs for the Company s wholly-owned, majority-owned and joint venture properties. The Company carries general liability insurance on its properties in amounts that it believes (i) adequately insures all of its properties and (ii) are in line with coverage obtained by owners of similar properties. The Company has purchased stop loss insurance, which will reimburse the Company for individual claims in excess of \$0.3 million annually, or aggregate claims in excess of \$3.7 million annually. If the Company experiences a loss and ERT CIC is required to pay under its insurance policy, the Company would ultimately record a loss to the extent of such required payment. Because the Company owns ERT CIC, the Company is responsible for ERT CIC s liquidity and capital resources, and the accounts of ERT CIC are part of the Company s consolidated financial statements.

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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 \$0.2 million and \$0.5 million of lease termination fees for the three and six months ended June 30, 2009.

Income from Discontinued Operations

Income from discontinued operations is computed in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* ( SFAS No. 144 ). SFAS No. 144 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 SFAS No. 144), 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. Accordingly, no provision for federal income taxes is included in the accompanying consolidated financial statements.

The Company is subject to certain state and local taxes. Provision for such taxes has been included in general and administrative expenses in the Company s Consolidated Statements of Operations and Comprehensive Income/(Loss).

In addition, the corporations had other net deferred tax assets, most significantly relating to an asset impairment recognized in fiscal 2003, for financial accounting purposes that will not be recognized for tax purposes until the property is sold. The Company has ascribed a full valuation allowance to these net deferred tax assets.

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109* ( FIN 48 ). FIN 48 (i) clarifies the accounting for uncertainty in income taxes recognized in companies financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*, (ii) prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and (iii) provides guidance on derecognition of recognized tax benefits, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 became effective for fiscal years beginning after December 15, 2006. The Company has no material uncertain tax positions as of June 30, 2009.

Segment Information

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

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Use of Estimates

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

Reclassifications

In accordance with the provisions of SFAS No. 144, certain prior period amounts have been reclassified to conform with the current period presentation.

Application of New Accounting Standards

Effective January 1, 2009, the Company adopted the provisions of SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133*, ( SFAS No. 161 ) which amends and expands the disclosure requirements of FAS 133 to require qualitative disclosure about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. As of December 31, 2008, the Company did not hold any derivative financial instruments, however with new derivative financial instruments entered into during the six months ended June 30, 2009, the Company has included additional disclosure to conform to the requirements of SFAS No. 161. Refer to Note 11.

Effective January 1, 2009, the Company adopted the provisions of SFAS 160, *Non-controlling Interest in Consolidated Financial Statements,* ( SFAS No. 160 ) which establishes and expands accounting and reporting standards for minority interests (which are recharacterized as non-controlling interests) in a subsidiary and the deconsolidation of a subsidiary. As a result of the Company s adoption, amounts previously reported as minority interests in joint ventures on our balance sheets are now presented as non-controlling interests in other partnerships within equity. Also effective with the adoption of SFAS No. 160, previously recorded minority interests have been recharacterized in the Company s Consolidated Statements of Operations and Comprehensive Income (Loss) as non-controlling interest and placed above net loss attributable to the Company. Refer to discussion at Note 12 in relation to that component of non-controlling interests in consolidated partnership that continued to be classified as part of the mezzanine equity. There has been no change in the measurement of the non-controlling interests line item from amounts previously reported. Note 12 also provides a reconciliation of the ending redeemable non-controlling interests in consolidated partnerships. There has been no change in the measurement of this line item from previously reported amounts. The revised presentation and measurement required by SFAS 160 has been adopted retrospectively.

Effective January 1, 2009, the Company adopted the provisions of FSP FAS 142-3, *Determination of the Useful Life of Intangible Assets* ( FSP FAS 142-3 ). FSP FAS 142-3 removes the requirement of SFAS No. 142, Goodwill and Other Intangible Assets ( SFAS No. 142 ) for an entity to consider, when determining the useful life of an acquired intangible asset, whether the intangible asset can be renewed without substantial cost or material modifications to the existing terms and conditions associated with the intangible asset. FSP FAS 142-3 replaces the previous useful-life assessment criteria with a requirement that an entity considers its own experience in renewing similar arrangements. If the entity has no relevant experience, it would consider market participant assumptions regarding renewal. Adoption of this provision did not have a significant impact on our results of operations of financial position.

On April 1, 2009, the FASB issued FSP FAS 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies*, ( FSP FAS 141 (R)-1 ). FSP FAS 141(R)-1 amends the provisions in FASB Statement No. 141R, Business Combinations, for the initial recognition and measurement, subsequent measurement and accounting, and disclosures for assets and liabilities arising from contingencies in business combinations. FSP FAS 141(R)-1 eliminates the distinction between contractual and noncontractual contingencies, including the initial recognition and measurement criteria in Statement 141R and instead carries forward most of the provisions in FASB Statement No. 141 for acquired contingencies. The FSP is effective for contingent assets or contingent liabilities acquired in business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. This is the same effective date as Statement 141R. Adoption of this provision did not have a significant impact on our results of operations of financial position.

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**On April 9, 2009, the FASB issued FSP FAS 157-4,** ***Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*** **( FSP FAS 157-4 ) which amends existing guidance for estimating fair value in accordance with FASB Statement No. 157, Fair Value Measurements, when the volume and level of activity for the asset or liability have significantly decreased or when transactions related to such assets and liabilities are not orderly. In the event of a significant decrease in the volume or level of activity or transactions that are not orderly, further analysis of the transactions or quoted market prices is needed, and a significant adjustment to the transactions or quoted prices may be necessary to estimate fair value in accordance with SFAS No. 157. Adoption of this provision did not have a significant impact on our results of operations of financial position.**

**On April 9, 2009, the FASB issued FSP FAS 115-2 and FAS 124-2** ***Recognition and Presentation of Other-Than-Temporary Impairments*** **( FSP FAS 115-2 and FAS 124-2 ) which will amend FASB Statements No. 115,** ***Accounting for Certain Investments in Debt and Equity Securities*****, and No. 124,** ***Accounting for Certain Investments Held by Not-for-Profit Organizations*** **to modify existing guidance on determining whether an impairment is other-than-temporary for investments in debt securities. Additionally, the FSP amends the other than temporary impairment guidance for debt securities to make the guidance more operational and to improve the presentation and disclosure of other than temporary impairments on debt and equity securities in the financial statements. This FSP does not amend existing guidance related to other than temporary impairments of equity securities.** Adoption of this provision did not have a significant impact on our results of operations of financial position.

On April 9, 2009, the FASB issued FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* which amends FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments,* to require additional disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies and also amends APB Opinion No. 28, *Interim Financial Reporting,* to require those disclosures in summarized financial information at interim reporting periods. Adoption of this provision did not have a significant impact on our results of operations of financial position.

On May 28, 2009, the FASB issued SFAS No. 165, *Subsequent Events* ( SFAS No. 165 ). SFAS No. 165 establishes general standards of accounting for and disclosures of events that occur after the balance sheet date prior to issuance of financial statements. SFAS No. 165 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. The Company has included additional disclosure to conform to the requirements of SFAS No. 165. Refer to Note 17.

Recently Issued Accounting Standards

**In June 2009, the FASB issued SFAS No. 166,** ***Accounting for Transfers of Financial Assets an amendment of FASB Statement No.*** **140**

( **SFAS No. 166** ) **in order** to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor s continuing involvement, if any, in transferred financial assets. The FASB undertook this project to address (1) practices that have developed since the issuance of FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,* that are not consistent with the original intent and key requirements of that Statement and (2) concerns of financial statement users that many of the financial assets (and related obligations) that have been derecognized should continue to be reported in the financial statements of transferors. This statement must be applied as of the beginning of each reporting entity s first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. This Statement must be applied to transfers occurring on or after the effective date.

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**On June 12, 2009, the FASB issued SFAS No. 167, Amendments to FASB Interpretation No. 46(R) to amend certain provisions of FASB Interpretation No. 46(R),** ***Consolidation of Variable Interest Entities*** **in order to improve financial reporting by enterprises involved with variable interest entities and to provide more relevant and reliable information to users of financial statements. This statement carries forward the scope of Interpretation 46(R), with the addition of entities previously considered qualifying special-purpose entities, as the concept of these entities was eliminated in SFAS No. 166, Accounting for Transfers of Financial Assets. This statement is effective for interim and annual reporting periods ending after November 15, 2009.**

On June 29, 2009, the FASB issued SFAS No. 168, The FASB Accounting Standards Codification and the hierarchy of Generally Accepted Accounting Principles, which replaces SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles in order to establish the FASB Accounting Standards Codification (Codification) as the single source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. All guidance contained in the Codification carries an equal level of authority. On the effective date of this Statement, all then-existing non-SEC accounting and reporting standards are superseded. This statement is effective for financial statement is effective for interim and annual periods ending after September 15, 2009.

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

**Note 4:** **Dispositions**

During the six months ended June 30, 2009, the Company sold three shopping centers for aggregate gross proceeds of approximately $19.9 million. Net proceeds after closing costs were approximately $18.6 million. In connection with the sale of these properties, and in accordance with SFAS No. 144 (Note 3), the Company recorded the results of operations and the related gain (loss) on sale as income (loss) from discontinued operations (Note 6).

During the year ended December 31, 2008, the Company sold 28 shopping centers and three land parcels for aggregate gross proceeds of approximately $106.3 million. In connection with the sale of these properties, and in accordance with SFAS No. 144 (Note 3), the Company recorded the results of operations and the related gain (loss) on sale as income (loss) from discontinued operations (Note 6).

**Note 5: Real Estate Held for Sale**

As of June 30, 2009, no real estate was classified as Real estate held for sale.

As of December 31, 2008, one shopping center was classified as Real estate held for sale. Such shopping center had an aggregate net realizable value of approximately $5.0 million as of December 31, 2008. This shopping center was disposed of during the six month period ending June 30, 2009. Refer to Note 6 for the recorded gain on this disposal.

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**Note 6: Loss from Discontinued Operations**

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Total revenue | $ 489 | $ 5,012 | $ 886 | $ 10,066 |
| Operating costs | (74) | (1,077) | (232) | (2,402) |
| Real estate taxes | (42) | (632) | (94) | (1,312) |
| Depreciation and amortization | (118) | (2,586) | (352) | (4,596) |
| Provision for doubtful accounts | (92) | (100) | (683) | (243) |
| General and administrative | | | | (1) |
| Total operating costs | (326) | (4,395) | (1,361) | (8,555) |
| Income (loss) from discontinued operations before other income and expenses and gain on sale of real estate | 163 | 617 | (475) | 1,512 |
| Other income (expenses), net | (105) | (404) | (168) | (819) |
| Income (loss) from discontinued operations before gain on sale of real estate | 58 | 213 | (643) | 693 |
| Gain on sale of real estate | 304 | 1,736 | 438 | 615 |
| Impairment of real estate held for sale | | (31,965) | | (31,965) |
| Income (loss) from discontinued operations | $ 362 | $ (30,016) | $ (205) | $ (30,657) |

**Note 7: Investments in/Advances to Unconsolidated Ventures**

The following table summarizes the Company s investments in unconsolidated joint ventures as of June 30, 2009 and December 31, 2008, respectively (dollars in thousands). The Company accounts for these investments using the equity method.

| | | | | Investments in/Advances to Unconsolidated Ventures | |
|---|---|---|---|---|---|
| City | State | JV Partner | Percent Ownership | June 30, 2009 | December 31, 2008 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Arapahoe Crossings, L.P. (1) | Aurora | CO | Foreign Investor | 30% | $ | 8,450 | $ | 8,322 |
| BPR Land Partnership, L.P. (2) | Frisco | TX | George Allen/Milton Schaffer | 50% | | 3,970 | | 4,146 |
| BPR South, L.P. (2) | Frisco | TX | George Allen/Milton Schaffer | 50% | | 1,430 | | 1,401 |
| Centro NP Residual Holding LLC | Various | Various | Super LLC | 49% | | 500,116 | | 570,494 |
| Centro GA America LLC | Various | Various | Centro Shopping America Trust | 5% | | 20,427 | | 29,679 |
| NP/I&G Institutional Retail Company, LLC (3) | Various | Various | JPMorgan Investment Management, Inc. | 20% | | 20,424 | | 32,974 |
| NP/I&G Institutional Retail Company II, LLC (4) | Various | Various | JPMorgan Investment Management, Inc. | 20% | | 9,324 | | 11,006 |
| NPK Redevelopment I, LLC (5) | Various | Various | Kmart Corporation (Sears Holding Corp.) | 20% | | 10,575 | | 11,516 |
| NP/SSP Baybrook, LLC (5) | Webster | TX | JPMorgan Investment Management, Inc. | 20% | | 1,547 | | 2,454 |
| Westgate Mall, LLC (6) | Fairview Park | OH | Transwestern Investment Company/ The Richard E. Jacobs Group | 10% | | | | 1,070 |
| | | **Investments in/Advances to Unconsolidated Ventures** | | | $ | 576,263 | $ | 673,062 |

(1) The Company receives increased participation after a 10% return.

(2) The Company receives a 10% return on its investment.

(3) The Company receives increased participation after a 12% IRR.

(4) The Company receives increased participation after a 10% IRR.

(5) The Company receives increasing participation after a 10% return.

(6) The Company receives increasing participation after a 13% IRR.

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

| | June 30, 2009 | December 31, 2008 |
|---|---|---|
| **Condensed Combined Balance Sheets** | | |
| Assets: | | |
| Real estate assets | $ 5,336,052 | $ 5,123,998 |
| Accumulated depreciation | (411,182) | (361,524) |
| Net real estate | 4,924,870 | 4,762,474 |
| Trade receivables, net of allowance for doubtful accounts | 58,368 | 51,859 |
| Other assets, net of accumulated amortization | 581,162 | 569,034 |
| **Total Assets** | $ 5,564,400 | $ 5,383,367 |
| | | |
| Liabilities: | | |
| Mortgages payable, net of unamortized premium | $ 1,932,536 | $ 2,194,479 |
| Term Loan | 1,109,111 | 829,000 |
| Amounts payable to the Company | 3,388 | 3,625 |
| Other liabilities | 311,859 | 275,727 |
| **Total liabilities** | 3,356,894 | 3,302,831 |
| Total partners capital | 2,207,506 | 2,080,536 |
| **Total liabilities and partners capital** | $ 5,564,400 | $ 5,383,367 |
| | | |
| Investments in/advances to unconsolidated ventures | $ 576,263 | $ 673,062 |

| | Three Months Ended June30, 2009 | 2008 | Six Months Ended June30, 2009 | 2008 |
|---|---|---|---|---|
| **Condensed Combined Statements of Operations** | | | | |
| Rental revenues | $ 152,531 | $ 111,299 | $ 300,048 | $ 204,504 |
| Operating expenses | (44,836) | (29,082) | (93,003) | (57,619) |
| Interest expense | (43,884) | (34,818) | (83,464) | (70,024) |
| Depreciation and amortization | (51,275) | (42,777) | (108,922) | (74,138) |
| Other (expense) income, net | (1,901) | (11,819) | (4,649) | 10,637 |
| Gain on sale of real estate | | | | 168 |
| Impairment of real estate assets | | | (9,015) | |
| (Loss)/income from discontinued operations | (6,537) | 3,622 | (12,254) | 5,799 |
| **Net income (loss)** | $ 4,098 | $ (3,575) | $ (11,259) | $ 19,327 |
| | | | | |
| Company s share ofiet income (loss) | $ 5,155 | $ (2,781) | $ 3,302 | $ (4,504) |

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The following is a brief summary of the unconsolidated joint venture obligations of the Company as of June 30, 2009:

- *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 is responsible for contributing its pro rata share of any capital that might be required by the joint venture; however, the Company does not expect that any significant capital contributions will be required. The joint venture had loans outstanding of approximately $45.8 million as of June 30, 2009.

An impairment charge of $6.0 million was recorded on the Company s investment in this joint venture during the year ended December 31, 2008. No further impairment of the Company s investment in this joint venture was recorded for the three or six month period ended June 30, 2009. In accordance with APB Opinion No. 18, *The equity method of accounting for investments in common stock* ( APB 18 ), the cause for the other than temporary loss is the further decrease in the fair value of the underlying real estate investments. The decrease in fair value of the underlying real estate caused by an increase in market capitalization rates during the year ended December 31, 2008 was the driver for the impairment in the 2008 financial year.

- *BPR Land Partnership, L.P.* The Company has a 50% interest in a joint venture that owns approximately 10.3 acres of undeveloped land in Frisco, Texas. Under the terms of this joint venture, the Company has agreed to contribute its pro rata share of any capital that might be required by the joint venture; however, the Company does not expect that any significant capital contributions will be required. The joint venture had no loans outstanding as of June 30, 2009.

- *BPR South, L.P.* The Company has a 50% interest in a joint venture that owns approximately 6.6 acres of undeveloped land in Frisco, Texas. Under the terms of this joint venture, the Company has agreed to contribute its pro rata share of any capital that might be required by the joint venture; however, the Company does not expect that any significant capital contributions will be required. The joint venture had no loans outstanding as of June 30, 2009.

- *Centro NP Residual Holding LLC.* In August 2007, the Company formed a joint venture with Super LLC, the Company s sole and managing member ( Super LLC ). In connection with the formation of the joint venture and with subsequent contributions, the Company has contributed 49% of its interest in certain subsidiaries, owning 74 real properties with an approximate value of $1.8 billion, to this joint venture. The Company distributed the remaining 51% of its interest in the transferred entities to its parent, Super LLC, and Super LLC contributed such interest in the transferred entities to this joint venture. Following these transactions, the Company owned 49% of the non-managing interest in this joint venture, and Super LLC owned 51% of the managing member interest in this joint venture. Also in November 2007, Super LLC contributed its interest in certain subsidiaries, owning 39 real properties with an approximate value of $385.0 million, to this joint venture.

Immediately following such contribution, Super LLC contributed a percentage of membership interests in the joint venture such that the Company continued to own 49% of the non-managing interest in this joint venture, and Super LLC continued to own 51% of the managing member interest in this joint venture. In January 2009, the Company contributed 49% of its interest in certain additional subsidiaries, owning 48 real properties with an approximate value of $513.4 million, to this joint venture. The Company distributed the remaining 51% of its interest in the additional transferred entities to Super LLC, and Super LLC contributed such interest in the additional transferred entities to this joint venture.

The joint venture owned 161 stabilized retail properties as of June 30, 2009. Under the terms of the joint venture, the Company is not obligated to contribute any additional capital to the joint venture. The joint venture had loans outstanding of approximately $1.6 billion as of June 30, 2009.

An impairment charge of $42.8 million was recorded on the Company s investment in this joint venture, was incurred during the year ended December 31, 2008. An impairment charge of $166.2 million was recorded on the Company s investment in this joint venture during the three and six months ended June 30, 2009. In accordance with APB 18, the primary cause for the other than temporary loss is the decrease in the fair value of the underlying real estate investments. The decrease in fair value of the underlying real estate was caused by an increase in market capitalization rates during the year ended December 31, 2008 and also by unfavorable movements in the fair valuation of debt held by the joint venture. The main driver to the unfavorable movement in the fair value of debt has been the significant decrease in risk free rates during the three months ended December 31, 2008. The further decline in fair value of the real estate caused by a further increase in market capitalization rates during the six months ended June 30, 2009, and a decrease in forecasted cash flows as a result of operational factors (such as increased vacancies) is the driver for the impairment during the three and six month periods ending June 30, 2009.

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• *Centro GA America LLC*. The Company has a 5% interest in this joint venture. Under the terms of this joint venture, the Company is not obligated to contribute any additional capital to the joint venture; however, in the event that additional capital is contributed by the other joint venture partner, the Company has the option to contribute the amount necessary to maintain its 5% ownership interest. The Company anticipates making additional capital contributions from time to time to maintain its 5% ownership interest. As of June 30, 2009, this joint venture was comprised of 104 stabilized retail properties and three retail properties under redevelopment, and had loans outstanding of approximately $1.0 billion.

An impairment charge of $11.1 million was recorded on the Company s investment in this joint venture during the year ended December 31, 2008. An impairment charge of $6.7 million was recorded on the Company s investment in this joint venture during the three and six months ended June 30, 2009. In accordance with APB 18, the cause for the other than temporary loss is the decrease in the fair value of the underlying real estate investments. The decrease in fair value of the underlying real estate caused by an increase in market capitalization rates during the year ended December 31, 2008 was the driver for the impairment in the 2008 financial year. The further decline in fair value of the real estate caused by a further increase in market capitalization rates during the six months ended June 30, 2009, and a decrease in forecasted cash flows as a result of operational factors (such as increased vacancies) is the driver for the impairment during the three and six month periods ending June 30, 2009

• *NP / I&G Institutional Retail Company, LLC*. The Company has a strategic joint venture with JPMorgan Investment Management, Inc. to acquire high-quality institutional grade community and neighborhood shopping centers on a nationwide basis. The joint venture owned eight stabilized retail properties and one retail property under redevelopment as of June 30, 2009. 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 Predecessor initially committed to contribute up to a maximum amount of $30.0 million to the joint venture, however, in connection with the acquisition of certain assets during 2005, the Predecessor together with the DownREIT Partnership, contributed a disproportionate share of capital to the venture, such that the Predecessor s total capital investment as of December 31, 2005 was $41.4 million. The excess contribution was returned to the Predecessor in February 2006. During the year ended December 31, 2006, in connection with the acquisition of certain other assets, the Predecessor increased its committed capital to the venture from $30.0 million to $31.9 million, of which approximately $31.1 million had been contributed as of June 30, 2009. The Company does not expect that any significant additional capital contributions will be required, nor does it expect that any additional acquisitions of property will be made by the joint venture. The joint venture had loans outstanding of approximately $211.5 million as of June 30, 2009.

An impairment charge of $0.2 million was recorded on the Company s investment in this joint venture during the year ended December 31, 2008. Impairment charges of $6.4 million and $9.0 million were recorded on the Company s investment in this joint venture during the three and six months ended June 30, 2009, respectively. In accordance with APB 18, the cause for the other than temporary loss is the decrease in the fair value of the underlying real estate investments. The decrease in fair value of the underlying real estate caused by an increase in market capitalization rates during the year ended December 31, 2008 was the driver. The further decline in fair value of the real estate caused by a further increase in market capitalization rates during the six months ended June 30, 2009, and a decrease in forecasted cash flows as a result of operational factors (such as increased vacancies) is the driver for the impairment during the three and six month periods ending June 30, 2009.

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• *NP / I&G Institutional Retail Company II, LLC*. In February 2006, the Predecessor formed a second strategic joint venture with JP Morgan Investment Management, Inc. to acquire high-quality institutional grade community and neighborhood shopping centers on a nationwide basis. Under the terms of this joint venture, the Company has a 20% interest in the venture and has committed to contribute its pro rata share of any capital required by the venture for asset acquisitions. As of June 30, 2009, the Company had contributed approximately $14.7 million for such purpose. Additionally, the Company has agreed to contribute its pro rata share of any additional capital that might be required by the joint venture; however, the Company does not expect that any significant additional capital contributions with respect to existing properties will be required. As of June 30, 2009, the joint venture owned three stabilized retail properties. The joint venture had loans outstanding of approximately $46.6 million as of June 30, 2009.

An impairment charge of $2.9 million was recorded on the Company s investment in this joint venture during the year ended December 31, 2008. An impairment charge of $1.2 million was recorded on the Company s investment in this joint venture during the three and six months ended June 30, 2009. In accordance with APB 18, the cause for the other than temporary loss is the decrease in the fair value of the underlying real estate investments. The decrease in fair value of the underlying real estate caused by an increase in market capitalization rates during the year ended December 31, 2008 was the driver for the impairment in the 2008 financial year. The further decline in fair value of the real estate caused by a further increase in market capitalization rates during the six months ended June 30, 2009, and a decrease in forecasted cash flows as a result of operational issues (such as increased vacancies) is the driver for the impairment during the three and six month periods ending June 30, 2009.

• *NPK Redevelopment I, LLC*. The Company has a joint venture with Kmart Corporation (Sears Holding Corp.) pursuant to which the joint venture will redevelop three Kmart Supercenter properties formerly owned by Kmart. Under the terms of this joint venture, the Company has agreed to contribute $6.0 million which had been fully contributed as of June 30, 2009. After the Company s contribution of the total committed amount, 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. The joint venture had no loans outstanding as of June 30, 2009.

An impairment charge of $0.2 million was recorded on the Company s investment in this joint venture during the year ended December 31, 2008. An impairment charge of $1.0 million was recorded on the Company s investment in this joint venture during the three and six months ended June 30, 2009. In accordance with APB 18, the cause for the other than temporary loss is the decrease in the fair value of the underlying real estate investments. The decrease in fair value of the underlying real estate caused by an increase in market capitalization rates during the year ended December 31, 2008 was the driver for the impairment in the 2008 financial year. The further decline in fair value of the real estate caused by a further increase in market capitalization rates during the six months ended June 30, 2009, and a decrease in forecasted cash flows as a result of operational issues (such as increased vacancies) is the driver for the impairment during the three and six month periods ending June 30, 2009.

• *NP/SSP Baybrook, LLC*. The Company has a third strategic joint venture with JP Morgan Investment Management Inc., which venture was formed for the specific purpose of acquiring

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Baybrook Gateway, a shopping center located in Webster, Texas. Under the terms of this joint venture, the Company has a 20% interest in the venture and is responsible for contributing its pro rata share of any capital that might be required by the joint venture; however, the Company does not expect that any significant additional capital contributions will be required. The joint venture had loans outstanding of approximately $41.0 million as of June 30, 2009.

An impairment charge of $0.1 million was recorded on the Company s investment in this joint venture during the year ended December 31, 2008. No further impairment of the Company s investment in this joint venture was recorded for the three or six month period ended June 30, 2009. In accordance with APB 18, the cause for the other than temporary loss is the decrease in the fair value of the underlying real estate investments. The decrease in fair value of the underlying real estate caused by an increase in market capitalization rates during the year ended December 31, 2008 was the driver for the impairment in the 2008 financial year.

- *Westgate Mall, LLC*. The Company, together with Transwestern Investment Company and The Richard E. Jacobs Group, has an interest in a joint venture that was formed for the specific purpose of acquiring and redeveloping Westgate Mall, an enclosed mall located on 55 acres of land in Fairview Park, Ohio. The joint venture is currently redeveloping the mall into a large community shopping center. Under the terms of this joint venture, the Company has a 10% interest in the venture and has agreed to contribute its pro rata share of any capital that might be required by the joint venture; however, the Company does not expect that any significant additional capital contributions will be required. The joint venture had loans outstanding of approximately $65.8 million as of June 30, 2009.

An impairment charge of $0.5 million was recorded on the Company s investment in this joint venture during the year ended December 31, 2008. An impairment charge of $0.9 million was recorded on the Company s investment in this joint venture during the three and six months ended June 30, 2009. In accordance with APB 18, the cause for the other than temporary loss is the decrease in the fair value of the underlying real estate investments. The decrease in fair value of the underlying real estate caused by an increase in market capitalization rates during the year ended December 31, 2008 was the driver for the impairment in the 2008 financial year. The further decline in fair value of the real estate caused by a further increase in market capitalization rates during the six months ended June 30, 2009, and a decrease in forecasted cash flows as a result of operational factors (such as increased vacancies) is the driver for the impairment during the three and six month periods ending June 30, 2009.

**Note 8: Intangible Assets**

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

| | June 30, 2009 | December 31, 2008 | Amortization Period |
|---|---|---|---|
| In-place lease value, legal fees and leasing commissions, net (Note 3) | $ 228,453 | $ 324,557 | Life of lease |
| Above market leases acquired, net (Note 3) | 7,062 | 9,885 | Life of lease |
| Value of asset management fee stream, net (Note 3) | 23,120 | 23,433 | 40 years |
| Value of property management rights, net (Note 3) | 99,556 | 103,335 | 20 years |
| Total | $ 358,191 | $ 461,210 | |

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

| | Three Months Ended June 30, 2009 | Three Months Ended June 30, 2008 | Six Months Ended June 30, 2009 | Six Months Ended June 30, 2008 |
|---|---|---|---|---|
| Amortization Expense | $ 15,368 | $ 27,722 | $ 32,625 | $ 60,551 |
| Write-offs (1) | 68 | | 6,152 | |

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

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

| Year | |
|---|---|
| 2009 (remaining six months) | $ 29,018 |
| 2010 | 47,390 |
| 2011 | 40,069 |
| 2012 | 34,209 |
| 2013 | 29,041 |

**Note 9: Other Liabilities**

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

| | June 30, 2009 | June 30, 2008 |
|---|---|---|
| Property and other taxes payable | $ 21,081 | $ 28,301 |
| Interest payable | 39,019 | 41,474 |
| Accrued professional and personnel costs | 6,189 | 6,423 |
| Accrued construction costs | 2,884 | 4,147 |
| Below market leases, net | 142,304 | 191,050 |
| Accounts payable | 3,268 | 17,034 |
| Deferred rent expense and rents received in advance | 55 | 529 |

| | | | | |
|---|---|---|---|---|
| Amounts due seller of property | | 469 | | 6,440 |
| Accrued acquisition/disposition costs | | 1,649 | | 1,746 |
| Due to affiliates | | 28,966 | | 25,307 |
| Other | | 31,612 | | 16,097 |
| Total | $ | 277,496 | $ | 338,548 |

**Note 10: Debt Obligations**

As of June 30, 2009 and December 31, 2008, the Company had the following debt obligations under various arrangements with financial institutions (dollars in thousands, except footnotes):

| | | Maximum Amount Available | Carrying Value as of | | | | Stated Interest Rates | Scheduled Maturity Date | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | June30, 2009 | | December 31, 2008 | | | |
| CREDIT AGREEMENTS | | | | | | | | | |
| Amended July 2007 Revolving Facility (1) | $ | | $ | 306,500 | $ | 306,500 | LIBOR + 175 bp (2) (3) (4) | December 2010 | |
| Secured Term Loans(11) | | | | 163,700 | | 173,084 | Variable (5) | 2010 (6) | |
| Total Credit Agreements | $ | | $ | 470,200 | $ | 479,584 | | | |
| | | | | | | | | | |
| MORTGAGES PAYABLE | | | | | | | | | |
| Fixed Rate Mortgages | | | $ | 365,451 | $ | 392,273 | 5.24% - 12.5% | 2009 | 2028 |
| Variable Rate Mortgages | | | | 7,905 | | 8,156 | Variable (7) | 2009 | 2011 |
| Total Mortgages (8) | | | | 373,356 | | 400,429 | | | |
| Net unamortized premium | | | | 6,642 | | 8,434 | | | |
| Total Mortgages, net | | | $ | 379,998 | $ | 408,863 | | | |

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| | | | | | | |
|---|---|---|---|---|---|---|
| NOTES PAYABLE | | | | | | |
| 7.40% unsecured notes (10) | $ | 28,406 | $ | 150,000 | 7.400% | September 2009 |
| 3.75% unsecured notes (9) | | 217 | | 217 | 3.750% | June 2010 |
| 4.50% unsecured notes | | 150,000 | | 150,000 | 4.500% | February 2011 |
| 5.13% unsecured notes | | 125,000 | | 125,000 | 5.125% | September 2012 |
| 5.50% unsecured notes | | 50,000 | | 50,000 | 5.500% | November 2013 |
| 5.30% unsecured notes | | 100,000 | | 100,000 | 5.300% | January 2015 |
| 5.25% unsecured notes | | 125,000 | | 125,000 | 5.250% | September 2015 |
| 7.97% unsecured notes | | 10,000 | | 10,000 | 7.970% | August 2026 |
| 7.65% unsecured notes | | 25,000 | | 25,000 | 7.650% | November 2026 |
| 7.68% unsecured notes | | 10,000 | | 10,000 | 7.680% | November 2026 |
| 7.68% unsecured notes | | 10,000 | | 10,000 | 7.680% | November 2026 |
| 6.90% unsecured notes | | 25,000 | | 25,000 | 6.900% | February 2028 |
| 6.90% unsecured notes | | 25,000 | | 25,000 | 6.900% | February 2028 |
| 7.50% unsecured notes | | 25,000 | | 25,000 | 7.500% | July 2029 |
| Total Notes | | 708,623 | | 830,217 | | |
| Net unamortized premium | | 24,630 | | 26,704 | | |
| Total Notes, net | $ | 733,252 | $ | 856,921 | | |
| | | | | | | |
| CAPITAL LEASES | $ | 29,939 | $ | 30,266 | 7.500% | June 2031 |
| | | | | | | |
| TOTAL DEBT | $ | 1,613,390 | $ | 1,775,634 | | |

(1) On July 31, 2007, the Company entered into a $350.0 million unsecured revolving credit facility (as amended, the Amended July 2007 Facility ) with Bank of America, N.A., as administrative agentOn January 15, 2009, the Company entered into a supplement to the Amended July 2007 Revolving Facility (the Supplement to the Amended July 2007 Facility ) modifying certain terms and conditions of the Amended July 2007 Facility, and superseding the terms and conditions set forth in letter agreements entered into by the Company with Bank of America, as administrative agent, on February 14, 2008, March 28, 2008, May 7, 2008, May 30, 2008, September 26, 2008, and December 15, 2008.

(2) The Company incurs interest using the 30-day LIBOR rate which was 0.30875% as of June 30, 2009. The interest rate on this facility adjusts based on the Company s credit rating.

(3) The Company also incurs an annual facility fee of 22.5 basis points on this facility.

(4) The default interest rate accrues from January 15, 2009, at LIBOR or the Prime Rate plus 11.25%. The default interest rate is applicable upon the event of default. No such event of default occurred to cause the payment of the additional default interest rate during the three and six months ending June 30, 2009.

(5) As determined by the applicable loan agreement, the Company incurs interest on these obligations using the 30-day LIBOR rate, which was 0.30875% as of June 30, 2009, plus spreads ranging from 135 to 175 basis points.

(6) $118.0 million of secured term loans had their debt maturities extended until December 31, 2008 (see below under *Extension and Payment of Secured Tem Loan Payments*). The remaining balance of $55.0 million matures on December 1, 2010.

(7) As determined by the applicable loan agreement, the Company incurs interest on these obligations using either the 30-day LIBOR rate, which was 0.30875% as of June 30, 2009, plus 125 basis points, or the Moody s A Corporate Bond Index, which was 5.37% as of June 30, 2009, plus spreads ranging from 12.5 to 37.5 basis points.

(8) An aggregate of $43.3 million of mortgages payable is scheduled to mature during the remaining six months of 2009, consisting of maturities and scheduled mortgage amortization payments.

(9) Represents convertible senior notes. At certain dates, and upon the occurrence of certain events, the notes are convertible into cash up to their principal amount and, with respect to the remainder, if any, of the conversion value in excess of such principal amount, cash or shares of the Company s common stock. The initial conversion price was $25.00 per share. On or after June 9, 2008, the Company may redeem all or a portion of the notes at a redemption price equal to the principal amount of the notes plus any accrued interest. In addition, on June 1, 2010, June 1, 2012, and June 1, 2018, or upon the occurrence of certain fundamental changes prior to June 1, 2010, note holders have the right to require the Company to purchase all or any portion of the notes, at a purchase price equal to the principal amount plus any accrued and unpaid interest on the notes. Although the stated maturity date of the notes is June 1, 2023, the scheduled maturity date listed above represents the first date that note holders have the right, not contingent on other provisions, to require the Company to redeem all or any portion of the notes. As discussed further below, these notes became convertible on April 1, 2007, and were convertible through July 2, 2007. As of June 30, 2009 and December 31, 2008, approximately $114.8 million of the $115.0 million aggregate principal amount of the notes had been converted into cash by holders thereof.

(10) Refer below to *Tender Offer* for information relative to Tender Offer made by the Company on these unsecured notes.

(11) Certain assets of the Residual Joint Venture, specifically those contributed by the Company on January 15, 2009 are provided as collateral for this debt.

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**On January 15, 2009, the Company entered into a supplement to the Amended July 2007 Revolving Facility (the Supplement to the Amended July 2007 Facility ) modifying certain terms and conditions of the $350.0 million unsecured revolving credit facility the Company entered into on July 31, 2007, with Bank of America N.A., as administrative agent (as amended, the Amended July 2007 Facility ), and superseding the terms and conditions set forth in letter agreements entered into by the Company with Bank of America, as administrative agent, on February 14, 2008, March 28, 2008, May 7, 2008, May 30, 2008, September 26, 2008, and December 15, 2008. Following the Supplement to the Amended July 2007 Facility, the Amended July 2007 Facility has a maturity date of December 31, 2010. As of January 15, 2009, the Company had an aggregate of $306.5 million borrowing outstanding under the Amended July 2007 Facility. Borrowings under the Amended July 2007 Facility bear interest at a rate per annum equal to, at our option, the prime rate or LIBOR plus an applicable margin of 1.75%. Interest on the outstanding balance that accrued during the period from December 16, 2007 through February 14, 2008 accrued at a rate equal to LIBOR or the prime rate plus 1.75% less the applicable margin in effect immediately prior to the amendment entered into on February 14, 2008.**

**In addition to the interest that accrues and is paid currently, upon the occurrence of an event of default, additional interest would accrue from May 7, 2008 to January 15, 2009 at a rate of 5.5%, thereby increasing the total interest rate to LIBOR or the prime rate plus 7.25% for that period. This additional interest becomes due and payable only upon the occurrence of an event of default as defined in the Amended July 2007 Facility. For illustrative purposes only, if such event of default had arisen as of June 30, 2009, total additional interest to be accrued would be approximately $11.6 million. No such event of default has occurred, therefore interest continues to accrue at LIBOR or the prime rate plus 1.75%.**

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

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

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

CPT Manager Limited, as the responsible entity of CPT and CPL agreed under the Supplement to the Amended July 2007 Facility to take and avoid taking certain actions with respect to the Company, such as (i) entering into any agreement that limits the Company s flexibility, or grants lender consent rights, with respect to the sale of the Company s assets, (ii) obtaining guaranties from the Company with respect to parent debt, (iii) pledging any of the Company s assets in favor of their creditors, (iv) permitting the Company to transfer assets to CPT and CPL, or giving guaranties for their debt. A breach of such covenants was made an event of default under the Supplement to the Amended July 2007 Facility. The Supplement to the Amended July 2007 Facility also releases the parent Company guaranty under that certain Guaranty Agreement, dated July 31, 2007, by and among CPT and CPL as guarantors in favor of Bank of America, N.A., as administrative agent.

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

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

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

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

In connection with the Mergers, the Company, New Plan Realty Trust, LLC (as successor to New Plan Realty Trust, but only with respect to the 1999 Indenture) and the Trustee entered into the Supplemental Indentures, each dated as of April 20, 2007, to 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 of New Plan with respect to the following debt securities that are outstanding under each of the Indentures, effective upon consummation of the Merger (collectively, the Notes ):

(i) 3.70% Convertible Senior Notes due 2026 (converted into cash as of December 31, 2007);

(ii) 3.75% Convertible Senior Notes due 2023;

(iii) 4.50% Senior Notes due 2011;

(iv) 5.30% Senior Notes due 2015;

(v) 5.250% Senior Notes due 2015;

(vi) 5.125% Senior Notes due 2012;

(vii) 7.40% Senior Notes due 2009;

(viii) 5.50% Senior Notes due 2013;

(ix) 7.50% Senior Notes due 2029;

(x) 6.90% Senior Notes due 2028;

(xi) 7.68% Senior Notes due 2026;

(xii) 7.65% Senior Notes due 2026;

(xiii) 7.97% Senior Notes due 2026; and

(xiv) 7.35% Senior Notes due 2007 (repaid on June 15, 2007).

The Company, as the successor obligor on the Notes, intends to continue to file with the SEC any annual reports, quarterly reports and other documents that it is required to file with the SEC to the extent required under the Indentures governing the Notes.

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

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As of June 30, 2009, approximately $114.8 million of the $115.0 million aggregate principal amount of the 3.75% Convertible Senior Notes had been converted by the holders thereof, for an aggregate conversion price of approximately $152.2 million.

As of June 30, 2009, future expected/scheduled maturities of outstanding debt and capital lease obligations were as follows (in thousands):

| | | |
|---|---|---|
| 2009 (remaining six months) | $ | 61,880 |
| 2010 | | 554,336 |
| 2011 | | 181,597 |
| 2012 | | 158,841 |
| 2013 | | 112,452 |
| Thereafter | | 513,012 |
| Total debt maturities | | 1,582,118 |
| | | |
| Net unamortized premiums on mortgages | | 6,642 |
| Net unamortized premiums on notes | | 24,630 |
| | | |
| Total debt obligations | $ | 1,613,390 |

As of December 31, 2008, the Company reported a total of $218.0 million of debt as maturing in the 2009 financial year. As shown above, as of June 30, 2009, the expected maturity of debt during 2009 has decreased to $61.9 million (a decrease of $156.1 million). This decrease is primarily attributable to a cash tender offer, pursuant to which the Company purchased 81.06% of its outstanding 7.40% Senior Notes for an aggregate principle amount of $121.6 million (refer to discussion below under *Tender Offer).* The remainder of the decrease can be attributed to the $9.4 million repayment of secured term loans (refer to discussion below under *Extension and Payment of Certain Secured Term Loan Payments)* and scheduled amortization.

*Tender Offer*

On April 8, 2009, the Company completed a cash tender offer (the Tender Offer ) pursuant to which the Company purchased 81.06% of its outstanding 7.40% Senior Notes due September 2009 (the 2009 Notes ) for an aggregate principal amount of $121.6 million. The outstanding principal on the 2009 Notes was $150.0 million prior to the completion of the Tender Offer. Holders who validly tendered and did not validly withdraw their 2009 Notes on or prior to 5:00 p.m., New York City time, on Friday, April 3, 2009 (the Expiration Date ) were eligible to receive $930.00 per $1,000 principal amount of 2009 Notes (the Tender Consideration ). The deadline for the Tender Offer was initially set to expire on Monday, March 23, 2009, but was subsequently extended to the Expiration Date. Holders of 2009 Notes who validly tendered, and did not validly withdraw, their 2009 Notes before the Expiration Date also received accrued and unpaid interest on their 2009 Notes purchased pursuant to the Tender Offer from the last interest payment date to, but not including the payment date for the 2009 Notes purchased in the Tender Offer, which occurred on April 8, 2009. The 2009 Notes purchased pursuant to the Tender Offer were cancelled and retired. Proceeds from a distribution from the Residual Joint Venture (as described below) and an equity contribution from Super LLC funded from the Residual Credit Facility (as defined and described below) were used to pay the bondholders under the Tender Offer.

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*Residual Credit Facility*

On January 15, 2009, certain subsidiaries of Centro NP Residual Holding LLC (the Residual Joint Venture ), entered into a credit facility (the Residual Credit Facility ) with JPMorgan Chase Bank, N.A. (as agent and a lender) and the other lenders party thereto, pursuant to which they may borrow up to $370.0 million. The Residual Credit Facility is collateralized by properties that were contributed by the Company and now owned by the borrowers under the Residual Credit Facility and certain other subsidiaries of the Residual Joint Venture and has a maturity date of December 31, 2010. The Residual Credit Facility is guaranteed by Super LLC, the Residual Joint Venture and Centro NP Residual Holding Sub 1, LLC, a subsidiary of the Residual Joint Venture and the 100% owner of each of the borrowers under the Residual Credit Facility. An initial draw on the Residual Credit Facility in the amount of approximately $150.0 million was used for the repayment of a portion of the Super Bridge Loan (as described below), the payment of the DownREIT Partnership Redemption Obligation (as defined and described in Note 13) and the payment of the Secured Term Loan Payments (as described below). The remaining proceeds of the Residual Credit Facility may be used for development and redevelopment of certain properties, the payment of certain maturing debt and general corporate cash needs. However, the Company does not control the Residual Joint Venture and cannot cause the Residual Joint Venture to make a draw under the Residual Credit Facility or to distribute the proceeds therefrom. The Amended July 2007 Facility will cross-default upon any default of the Residual Credit Facility.

*Extension of Super Bridge Loan*

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

*Preston Ridge Facility*

BPR Shopping Center, LLC ( BPR LLC ) is a subsidiary of the Residual Joint Venture. On January 15, 2009, BPR LLC entered into an amended and restated loan agreement (the Amended and Restated Preston Ridge Facility ) with JPMorgan Chase Bank, N.A. (as agent and a lender) and the other lenders party thereto, which amended and restated the $105.0 million credit facility entered into by BPR LLC on February 14, 2008, with JPMorgan Chase Bank, N.A. (as agent and a lender) and the other lenders party thereto. The Amended and Restated Preston Ridge Facility, among other things, extended the maturity date to December 31, 2010. The applicable margin under the Amended and Restated Preston

Ridge Facility remained unchanged. The Amended and Restated Preston Ridge Facility has an outstanding balance of $105.0 million and no additional amounts may be drawn. The Amended July 2007 Facility will cross-default upon any default of the Amended and Restated Preston Ridge Facility.

*Cross-defaulting of Debt*

The Amended and Restated Preston Ridge Facility and Residual Credit Facility of the Residual Joint Venture, and the Super Bridge Loan of Super LLC are cross-defaulted with the Amended July 2007 Facility.

An Event-of-Default under the Indentures will trigger an event-of-default of all debt arrangements mentioned directly above. An event of default on any of the Company s debt will result in acceleration of the repayment of the Indentures. There have been no instances of default of debt obligations where cross-default provisions exist with certain debt obligations.

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*Prohibition on Incurring Additional Indebtedness*

Due to certain covenants and restrictions contained in certain of the Company s debt agreements, the Company is currently prohibited from incurring additional indebtedness.

*Collateralization of Super Bridge Loan Debt*

It should be noted that as of June 30, 2009 and since April 20, 2007, the Super Bridge Loan (totaling $1.9 billion) as of June 30, 2009 of the Company s parent, Super LLC is collateralized by its 100% membership interest in the Company. It is also collateralized by certain assets held by the Residual Joint Venture.

*Extension and Payment of Certain Secured Term Loan Payments*

Secured term loan payments in the aggregate amount of $9.4 million were due to be paid on November 6, 2008, by CA New Plan Venture Fund, LLC, CA New Plan Venture Fund Texas I, L.P., CA New Plan Acquisition Fund, LLC, CA New Plan Acquisition Fund Louisiana, LLC, CA New Plan Venture Direct Investment Fund, LLC and CA New Plan DIF Texas I, L.P. (collectively, the CA New Plan Entities ) in connection with three loan agreements entered into in connection with the acquisition of ownership interest in CA New Plan Venture Fund LLC, CA New Plan Acquisition Fund LLC, and CA New Plan Direct Investment Fund, LLC in November 2007. The CA New Plan Entities entered into amendments on November 5, 2008, December 15, 2008, and January 15, 2009 to their respective loan agreements with Bank of America, N.A. ( Bank of America ), the lender under such loans, extending the payment dates for the $9.4 million due from November 6, 2008 to within five business days of January 15, 2009 in order to permit the Company and Bank of America to discuss global resolutions of such debt together with the other Bank of America debt that came due on January 15, 2009. Proceeds from a distribution from the Residual Joint Venture and an equity contribution from Super LLC that were funded with borrowings from the Residual Credit Facility were used to pay the secured term loan payments on January 23, 2009. The amendments also extended the maturity dates of the three loan agreements totaling $118.0 million to December 31, 2010.

*Certain Lockboxes Controlled by Lenders*

In the instance of mortgage loans totaling $148.2 million, the Company is required to maintain lock-boxes for receipt of all revenue relating to the properties in which the mortgages are collateralized over. These lock-boxes are controlled by the respective lenders. The Company was required to submit to the lender a budget of operating expenditures which was approved by each of the respective lenders. Each month, the Company is entitled to request funds from the lock-boxes in accordance with the approved budgeted operating expenditures. All additional revenue, after payment of interest, required principal repayment and maintenance of insurance and real estate tax escrows is taken as a reduction to the mortgage principal balance. The additional revenue received into the lock-boxes is not available to the Company.

**Note 11: Risk Management and Use of Financial Instruments**

Risk Management

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

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

Use of Derivative Financial Instruments

The Company s use of derivative instruments is, and was, primarily limited to the utilization of interest rate agreements or other instruments to manage interest rate risk exposures and not for speculative purposes. The principal objective of such arrangements is to manage the risks and/or costs associated with the Company s operating and financial structure, as well as to hedge specific transactions. The counterparties to these arrangements are major financial institutions with which the Company and its affiliates may also have other financial relationships. The Company is potentially exposed to credit loss in the event of non-performance by these counterparties. However, because of their high credit ratings, the Company does not anticipate that any of the counterparties will fail to meet these obligations as they come due. The Company does not use derivative instruments to hedge credit/market risk.

During the six months ended June 30, 2009, the Company entered into five interest rate cap agreements on $470.2 million of debt expiring on December 31, 2010. The Company will receive a payout under the terms of the cap if the one-month LIBOR rate exceeds 2.60%. The objective for holding these derivative financial instruments is to provide protection against an increase in LIBOR rates. It is also noted that the Company entered into these interest rate cap agreements as a requirement of the Company s lender in extending certain debt through December 31, 2010. During the three and six months ended June 30, 2009, the one-month LIBOR rate did not exceed the cap rate and therefore no payments were received. The following table summarizes the terms and fair values of the Company s derivative financial instruments at June 30, 2009 (dollars in thousands). The notional amounts at June 30, 2009 provide an indication of the extent of the Company s involvement in these instruments at that time, but do not represent exposure to credit, interest or market risks:

| Hedge Product | Hedge Type | Notional Amount | Strike | Maturity | Fair Value |
|---|---|---|---|---|---|
| Interest Rate Cap | Interest Rate | $ 62,862 | 2.60% | 12/31/2010 | $ 74 |
| Interest Rate Cap | Interest Rate | 13,014 | 2.60% | 12/31/2010 | 15 |
| Interest Rate Cap | Interest Rate | 32,824 | 2.60% | 12/31/2010 | 38 |
| Interest Rate Cap | Interest Rate | 306,500 | 2.60% | 12/31/2010 | 359 |
| Interest Rate Cap | Interest Rate | 55,000 | 2.60% | 12/31/2010 | 64 |
| Total | | $ 470,200 | | | $ 550 |

Derivative financial instruments are included in Other Assets in the face of the balance sheet. The cost to acquire these derivative financial instruments was approximately $1.4 million. The difference between the purchase price of these derivative financial instruments and fair value at June 30, 2009 is included in the income statement, in interest expenses.

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.

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Risks Associated with Liquidity Position

The Company presently has $306.5 million of debt under its Amended July 2007 Facility which is scheduled to mature on December 31, 2010. During the remaining six months of 2009, the Company has an aggregate of $47.5 million of mortgage debt, notes payable and credit facilities scheduled to mature plus $24.2 million of scheduled mortgage amortization payments. An event of default caused by the non-payment of this debt upon maturity may result in a default under our public indentures. Such event of default will result in a default of the Super Bridge Loan and the Residual Credit Facility. Refer to the discussion above about the cross-defaulting of debt arrangements.

In addition, covenants contained in certain of the Company s indebtedness significantly constrain the Company s ability to incur additional debt in the short-term. In connection with the Supplement to the Amended July 2007 Facility, the Company is no longer permitted to make draws under the Amended July 2007 Facility, and is limited to financing any development costs from distributions received from the Residual Joint Venture, and equity contributions from Super LLC, that are funded with borrowings from the Residual Credit Facility and certain asset sale proceeds. However, given that the Company does not control the Residual Joint Venture, such funding to fulfill liquidity needs cannot be guaranteed.

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

**Note 12: Non-Controlling Interests in Consolidated Partnerships**

The main component of non-controlling interests in consolidated partnerships and joint ventures pertain to the preferred unitholders in the DownREIT partnership. In accordance with the guidance provided in EITF D-98, this component of non-controlling interests in consolidated partnerships is required to be classified as mezzanine equity. Such classification is required given the preferred unitholders to redeem their units at anytime for cash. Refer to discussion further below. In 1995, the DownREIT Partnership, a consolidated entity, was formed to own certain real estate properties. A wholly owned subsidiary of the Company is the sole general partner of the DownREIT Partnership and is entitled to receive 99% of all net income and gains before depreciation, if any, after the limited partners receive their preferred cash and gain allocations. Properties have been contributed to the DownREIT Partnership in exchange for cash, the assumption of mortgage indebtedness and limited partnership units (which may be redeemed at stipulated prices for cash).

In connection with the DownREIT Merger, each unit of limited partnership interest in the DownREIT Partnership (a DownREIT Unit ) who elected to do so was converted, without any action on the part of the holder, into the right to receive one fully-paid Class A Preferred Unit, without interest, of the surviving partnership (the Preferred Unit Consideration ). In lieu of the Preferred Unit Consideration, holders of DownREIT Units were offered the opportunity to elect to receive cash in an amount equal to the Offer Price per DownREIT Unit, as adjusted (the Cash Consideration ). The holders of DownREIT Units that elected to receive the Cash Consideration ceased to be limited partners of the DownREIT Partnership. In connection with the DownREIT Merger, holders of 752,187 DownREIT Units, as adjusted, elected to receive the Cash Consideration, and holders of 2,643,870 DownREIT Units, as adjusted, elected, or were deemed to have elected, to receive the Preferred Unit Consideration. As a result, following the consummation of the DownREIT Merger, there were 2,643,870 Class A Preferred Units outstanding and not owned by Centro NP or its affiliates. Holders of these Class A Preferred Units have a redemption right for their Class A Preferred Units which became exercisable starting April 20, 2008. Each Class A Preferred Unit is redeemable for $33.15 plus all accrued and unpaid distributions.

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

On January 15, 2009, the Company paid in full the DownREIT Partnership Redemption Obligation using proceeds from distributions from the Residual Joint Venture that were funded with borrowings from the Residual Credit Facility. As of December 31, 2008, the DownREIT Partnership Redemption Obligation is shown as a liability of Redemption Rights in the Consolidated Balance Sheet.

SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*, requires that DownREIT Partnership Class A Preferred Units that became mandatorily redeemable by the Company pursuant to the terms of the DownREIT Partnership Agreement, should be classified as a liability in the consolidated financial statements. DownREIT Partnership Class A Preferred Units become mandatorily redeemable when the holder elects to redeem the units. As of December 31, 2008, 283,127 units had been redeemed by holders which were yet to be paid. Accordingly, $9.4 million of the total redemption amount payable relating to the DownREIT Partnership Class A Preferred Units were classified as a liability as of December 31, 2008 and are referred to above as the DownREIT Partnership Redemption Obligation.

DownREIT Partnership unit information is summarized as follows:

| | **Limited Partner Units** |
|---|---|
| Outstanding at December 31, 2008 | 1,023,486 |
| Issued | |
| Redeemed | (283,127) |
| | |
| Outstanding at June 30, 2009 | 740,359 |

The changes in redeemable non-controlling interests for the year ended December 31, 2008 and the three and six months ended June 30, 2009 and 2008 are shown below (in thousands):

| | Three Months Ended June 30, 2009 | Six Months Ended June 30, 2009 | Year Ended December 31, 2008 | Three Months Ended June 30, 2008 | Six Months Ended June 30, 2008 |
|---|---|---|---|---|---|
| Balance at beginning of period: | $ 24,542 | $ 25,051 | $ 83,214 | $ 83,508 | $ 83,214 |
| Distributions to non-controlling interests | (369) | (1,244) | (3,288) | (1,224) | (2,516) |
| Redemptions of non-controlling interests | | | (59,329)(1) | (6,737)(1) | (6,737)(1) |
| Net loss | 368 | 736 | 4,454 | 1,588 | 3,174 |
| Ending Balance | $ 24,543 | $ 24,543 | $ 25,051 | $ 77,135 | $ 77,135 |

(1) As of June 30, 2008, $38.2 million of DownREIT Partnership Redemption Obligation remained unpaid and was accounted for as a liability in accordance with SFAS No. 150. As of December 31, 2008, $9.4 million of DownREIT Partnership Redemption Obligation remained unpaid and was accounted for as a liability in accordance with SFAS No. 150.

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**Note 13:** **Commitments and Contingencies**