CONSOLIDATED FINANCIAL STATEMENTS

Brixmor Residual Holding LLC (formerly Centro NP Residual Holding LLC) and Subsidiaries
Quarter Ended September 30, 2011
Unaudited

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

Consolidated Financial Statements
(Unaudited)

Contents

Consolidated Balance Sheets as of September 30, 2011 and June 30, 2011 1
Consolidated Statements of Operations for the three months ended September 30, 2011 and September 30, 2010 2
Consolidated Statements of Cash Flows for the three months ended September 30, 2011 and September 30, 2010 3
Notes to Consolidated Financial Statements 4

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

Consolidated Balance Sheets

	September 30, 2011 (unaudited)	June 30, 2011 (audited)
	(In Thousands)	
Assets		
Real estate:		
Land	$ 1,175,036	$ 1,175,036
Buildings, improvements, and equipment	4,267,772	4,260,492
Accumulated depreciation	(46,694)	(1,530)
Net real estate	5,396,114	5,433,998
Cash and cash equivalents	68,885	31,308
Restricted cash	37,185	31,084
Receivables:		
Rent, net of allowance for doubtful accounts of $15,526 and $15,485 at September 30, 2011 and June 30, 2011, respectively	65,249	65,541
Deferred rent, net of allowance of $149 and $0 at September 30, 2011 and June 30, 2011, respectively	3,781	152
Other, net	2,776	3,382
Due from related parties	165	75
Prepaid expenses and deferral charges, net of accumulated amortization of $4,568 and $47 at September 30, 2011 and June 30, 2011, respectively	61,120	55,990
Investment in/advance to unconsolidated venture	292	318
Intangible assets, net of accumulated amortization of $45,464 and $1,025 at September 30, 2011 and June 30, 2011, respectively	494,192	539,383
Other assets	1,405	1,391
Total assets	$ 6,131,164	$ 6,162,622
Liabilities and members' capital		
Liabilities:		
Mortgages payable, including unamortized premium of $86,101 and $90,973 at September 30, 2011 and June 30, 2011, respectively	$ 4,204,667	$ 4,151,018
Financing liabilities, including unamortized premium of $3,028 and $3,072 at September 30, 2011 and June 30, 2011, respectively	139,692	139,736
Due to related parties	3,686	1,288
Accounts payable and accrued expenses	110,583	104,821
Below market leases, net of accumulated amortization of $9,965 and $314 at September 30, 2011 and June 30, 2011, respectively	279,277	289,092
Tenant security deposits	10,961	11,072
Total liabilities	4,748,866	4,697,027
Commitments and contingencies	–	–
Members' capital	1,382,298	1,465,595
Total liabilities and members' capital	$ 6,131,164	$ 6,162,622

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

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

Consolidated Statements of Operations
(Unaudited)

	Three Months Ended September 30, 2011 (Successor)	Three Months Ended September 30, 2010 (Predecessor)
	(In Thousands)	
Revenue		
Rental income	$ 133,642	$ 65,523
Percentage rents	791	236
Expense reimbursements	34,824	16,568
Total revenues	169,257	82,327
Operating expenses		
Operating costs	22,953	12,183
Real estate taxes	25,801	12,393
Depreciation and amortization	89,396	29,274
Provision for doubtful accounts	2,733	1,390
Impairment of real estate assets	–	71,435
General and administrative	919	1,173
Total operating expenses	141,802	127,848
Income (loss) from continuing operations before income of investments accounted for under the equity method, other income and expenses	27,455	(45,521)
Other income (expenses)		
Interest, dividend and other income	85	202
Equity in loss of unconsolidated venture	(26)	–
Unrealized loss on financial instruments	(114)	(17)
Interest expense	(64,278)	(21,339)
Total other expenses	(64,333)	(21,154)
Loss from continuing operations	(36,878)	(66,675)
Income from discontinued operations	–	–
Net loss	$ (36,878)	$ (66,675)

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

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

Consolidated Statements of Cash Flows
(Unaudited)

	Three months ended September 30, 2011 (Successor)	Three months ended September 30, 2010 (Predecessor)
	(In Thousands)	
Operating activities		
Net loss	$ (36,878)	$ (66,675)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	89,396	29,274
Amortization of deferred debt and loan acquisition costs	4,493	1,077
Amortization of above and below market leases	(8,518)	(5,596)
Amortization of unamortized debt premium or discount	(4,916)	–
Unrealized loss on financial instruments	114	17
Impairment of real estate assets	–	71,435
Equity in loss of unconsolidated venture	26	–
Changes in operating assets and liabilities, net:		
Restricted cash	(6,101)	(2,301)
Trade receivables	292	1,452
Deferred rent receivables	(3,629)	(571)
Other receivables	606	42
Due from related parties	(90)	24,957
Prepaid expenses, deferred charges and other assets	(9,088)	(2,093)
Due to related parties	2,398	(966)
Accounts payable and accrued expenses	5,757	5,608
Tenant security deposits	(111)	(86)
Net cash provided by operating activities	33,751	55,574
Investing activities		
Real estate acquisitions and building improvements	(7,684)	(5,303)
Net cash used in investing activities	(7,684)	(5,303)
Financing activities		
Proceeds from mortgage payable and credit facility	62,000	–
Purchase of financial instruments	(62)	–
Paydown of mortgage payable and credit facility	(3,479)	–
Financing fees	(530)	–
Distribution to members	(46,419)	(17,087)
Net cash from (used in) financing activities	11,510	(17,087)
Net increase in cash and cash equivalents	37,577	33,184
Cash and cash equivalents at the beginning of period	31,308	74,825
Cash and cash equivalents at the end of period	$ 68,885	$ 108,009

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

Notes to Consolidated Financial Statements
(Unaudited)

1. Acquisition and Financing Transaction

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

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

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

In connection with the closing of the Transaction, on June 28, 2011, (i) the ownership interests in 156 real estate assets (including interests in one property held through an unconsolidated joint venture) that were not previously owned by the Entity were conveyed to the Entity by certain of its affiliated entities pursuant to interest assignments, contribution agreements or deeds and (ii) the ownership interests in 11 retail assets that were previously wholly owned by the Entity were conveyed to Brixmor or its subsidiaries pursuant to assignments, contribution agreements or deeds. Accordingly, as of September 30, 2011, the Entity's consolidated portfolio was comprised of interests in 291 stabilized retail properties and 14 properties under redevelopment, including the properties previously contributed to the Inland JV (see Note 2).

1. Acquisition and Financing Transaction (continued)

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

The Mortgage Loan and Mezzanine Loans bear interest at a weighted-average interest rate of 4.90% and 9.5%, respectively, payable monthly, and are scheduled to mature on July 1, 2016.

The Mortgage Loan contains various representations, warranties, and covenants customary for financings of this type. Defaults under the Mortgage Loan include, among other things, the failure to pay interest or principal when due, material misrepresentations, unpermitted transfers of the Mortgaged Properties, bankruptcy of a Residual Borrower or BPG, failure to maintain required insurance, and failure to observe other covenants under the Mortgage Loan.

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

The Entity distributed approximately $699.0 million in cash to its Members, representing loan proceeds from the Mortgage Loan (less amounts used to repay indebtedness and related fees and expenses), and such proceeds were partially used to repay approximately $1.7 billion outstanding

1. Acquisition and Financing Transaction (continued)

under the secured bridge loan made by a group of lenders to Super with JP Morgan as the administrative agent (the "Super Bridge Loan").

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

Accounting Treatment

In accordance with ASC 805, *Business Combinations* ("ASC 805"), a business combination occurs when an entity acquires net assets that constitute a business or acquires equity interest of one or more other entities and obtains "control" over that entity or entities. "Control" is defined by ASC 805 as "ownership by one company, directly or indirectly, of over 50% of the outstanding voting shares of another company." For accounting purposes, ASC 805 further states that the designated acquisition date should be the date that effective control of the acquired entity is transferred to the acquiring entity without restrictions, except those required to protect the shareholders or other owners of the acquired entity. Accordingly, and in conjunction with the transactions described above, BPG acquired 100% of the controlling interests in the Entity on June 28, 2011.

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

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

1. Acquisition and Financing Transaction (continued)

unconsolidated joint venture) which were not owned by the Entity or its subsidiaries as of such date; and (ii) the conveyance of the ownership interests in 11 retail shopping centers that were previously wholly owned by the Entity to Brixmor or its subsidiaries as of such date (dollars in thousands):

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

2. Description of Business

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

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

As of September 30, 2011, and including properties transferred in connection with the Transaction, the Entity owned interests in 291 stabilized properties and 14 properties under redevelopment. Additionally, as of September 30, 2011, the Entity held interests in one property held through an unconsolidated joint venture. The 305 properties include 300 community and neighborhood shopping centers with approximately 49.8 million square feet of gross leasable area ("GLA"), four related retail assets with approximately 0.1 million square feet of GLA and one land parcel. At September 30, 2011, the GLA for the properties was approximately 90% leased. All properties are held in fee simple.

On June 28, 2011, in connection with the closing of the Transaction and the repayment of the Super Bridge Loan and the Entity's credit facilities, the Entity's Members entered into an amended and restated operating agreement providing for the pro rata distribution of available cash flow between Super (which has a 51% interest) and Brixmor (which has a 49% interest). Under the terms of the amended and restated operating agreement of the Entity, Members are not obligated to contribute any additional capital to the Entity. Net income is allocated to the Members in proportion to their participating percentages.

On December 6, 2010, the Entity formed a joint venture, Brixmor/IA JV, LLC (formerly Centro/IA JV, LLC) (the "Inland JV"), with Inland American CP Investment, LLC ("Inland"), a wholly owned subsidiary of Inland American Real Estate Trust, Inc. In connection with the formation of the Inland JV, the Entity sold approximately 70% of its ownership interest in 25 retail shopping centers with a total value of approximately $471.0 million. Following this transaction, and as of September 30, 2011, the Entity has approximately 30% ownership interest in the Inland JV, and Inland has approximately 70% ownership interest in the Inland JV.

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

3. Summary of Significant Accounting Policies

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

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

In the opinion of management, the accompanying consolidated financial statements contain all adjustments necessary to present fairly the Entity's financial position as of September 30, 2011 and June 30, 2011, and the Entity's results of operations and cash flows for the three months ended September 30, 2011 and 2010.

The accompanying consolidated financial statements include the accounts of the Entity and its wholly owned subsidiaries. All significant intercompany transactions and balances among consolidated entities have been eliminated.

Reporting Period

The Entity changed its fiscal year end from June 30 to December 31. This change is reflected in the current financial statements for the period ended September 30, 2011. Accordingly, notes to the consolidated financial statements including comparative information are presented on a calendar year basis.

Basis of Presentation and Principles of Consolidation

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

When the Entity obtains an economic interest in an entity, the Entity performs a qualitative and quantitative analysis to evaluate the entity to determine (i) if the entity is a variable interest entity ("VIE"), (ii) if the Entity is the primary beneficiary, in accordance with the FASB ASC 810,

3. Summary of Significant Accounting Policies (continued)

Consolidations, and (iii) whether the Entity has a controlling interest in the entity. The Entity consolidates (i) entities that are VIEs and of which the Entity is deemed to be the primary beneficiary, and (ii) entities that are non-VIEs which the Entity controls or that are accounted for under the financing method in accordance with ASC 360. ASC 360 indicates that when a transaction includes certain forms of continuing involvement, the transaction should be accounted for as either a financing, leasing, or profit-sharing arrangement.

The financing method is generally applied in situations where the buyer effectively receives a return of its investment plus interest and has an obligation to repurchase the property or can be compelled by the buyer to repurchase the property. The Entity has evaluated the above Inland JV transaction and determined that it meets the criteria under the financing method and accordingly, has consolidated the Inland JV. Under the financing method, the cost of the property sold and other related assets are continued to be recorded as assets on the Entity's books. Cash contributed by the joint venture partner is recorded as a liability.

Cash and Cash Equivalents

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

Restricted Cash

Cash escrow and other deposits represent cash deposited in escrow, which is to be used for the payment of real estate taxes, insurance, and future capital expenditures as required by certain loan agreements. All restricted cash is invested in money market accounts.

Rent Receivable

Rent receivable of $65.2 million and $65.5 million are stated net of allowance for doubtful accounts as of September 30, 2011 and June 30, 2011, respectively. The Entity makes estimates of the uncollectability of its accounts receivable related to base rents, expense reimbursements and other revenues. The Entity analyzes accounts receivable and historical bad debt levels, customer credit-worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. In addition, tenants in bankruptcy are analyzed and estimates are made in connection with the expected recovery of prepetition and postpetition claims.

3. Summary of Significant Accounting Policies (continued)

Real Estate

Land, buildings and building and tenant improvements are recorded at cost and stated at cost less accumulated depreciation. Major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives, ordinary repairs and maintenance are expensed as incurred. Land, buildings and building and tenant improvements that are under redevelopment, or are being developed, are carried at cost and no depreciation is recorded on these assets. Additionally, amounts essential to the development of the property, such as pre-construction costs, development costs, construction costs, interest costs, real estate taxes, salaries and related costs and other costs incurred during the period of development are capitalized. The Entity ceases capitalization when the property is available for occupancy upon substantial completion of building and tenant improvements, but in any event no later than one year from the completion of major construction activity.

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 Entity's acquisition of properties, purchase costs are allocated to the tangible and intangible assets and liabilities acquired based on their estimated fair values. The value of the tangible assets, consisting of land, buildings and building and tenant improvements, are determined as if vacant (i.e., at replacement cost). Intangible assets, including the above-market value of leases and the value of in-place leases, are recorded at their relative fair values.

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

3. Summary of Significant Accounting Policies (continued)

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

Management will estimate costs required to execute leases including commissions and legal costs to the extent that such costs are not already incurred with a new lease that has been negotiated in connection with the purchase of a property. Independent appraisals and/or management's estimates will be used to determine these values.

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

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

Long-Lived Assets

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

3. Summary of Significant Accounting Policies (continued)

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

There was no impairment identified during the three month period ended September 30, 2011.

For the three months ended September 30, 2010, an impairment charge was recorded in the amount of approximately $71.4 million. The impairment charge arose due to a decrease in the estimated cash flows for these properties over the estimated holding periods. The changes to cash flows included both revisions to the forecasted sale price and operating cash flows.

The decrease in forecasted sale prices on the Entity's real estate investments was caused by increase in market capitalization rates or a decrease in cash flows during the three months ended September 30, 2010. The increase in market capitalization rates was a response to various market trends, in particular the negative economic outlook.

When assets are identified by management as held-for-sale, the Entity discontinues depreciating the assets and estimates the sales price, net of selling costs, of such assets. If, in management's opinion, the net sales price of the assets that have been identified for sale is less than the net book value of the assets, an impairment charge is recorded. As of September 30, 2011, there were no assets accounted for as held-for-sale.

For investments accounted for under the equity method, a loss is recognized if the loss in value of the investment is other than temporary. For the three month period ended September 30, 2011, management did not identify any other than temporary loss in value of its investments accounted for under the equity method. See Note 6 for additional information.

Deferred Leasing and Loan Origination Costs

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

3. Summary of Significant Accounting Policies (continued)

Investment in /Advance to Unconsolidated Venture

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

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

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

Asset Retirement Obligations

The Entity accounts for conditional asset retirement obligations in accordance with ASC 410, *Asset Retirement and Environmental Obligations*. A conditional asset retirement obligation refers to a legal obligation (pursuant to existing law or contract) to perform an asset retirement activity in which the timing and/or method of settlement are conditioned upon the occurrence of a future event that may or may not be within our control. The Entity's conditional asset retirement obligations arise primarily from legal requirements to decontaminate buildings at the time the buildings are sold or otherwise disposed of. The Entity does not believe it can reasonably estimate any potential settlement dates for its asset retirement obligations, and, therefore, it cannot reasonably estimate the fair value of its conditional asset retirement obligations. Accordingly, as of September 30, 2011 and June 30, 2011, the Entity has not recorded any liability for its conditional asset retirement obligations.

3. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Fixed minimum rents from operating leases are recognized on a straight-line basis, including any rent holiday period, over the initial terms of the related leases. The cumulative difference between lease revenue recognized under this method and contractual lease payment terms is recorded as Deferred rent on the accompanying Consolidated Balance Sheets. Certain tenants are required to pay percentage rent if their sales volumes exceed thresholds specified in their lease agreements. Percentage rent is recognized as revenue when the thresholds are achieved and the amounts become determinable. Any lease inducements paid to tenants are amortized as a reduction of revenue over the initial terms of the related leases.

The Entity receives reimbursements from tenants for real estate taxes, insurance, common area maintenance, and other recoverable operating expenses as provided in the lease agreements.

Tenant reimbursements are recognized as revenue in the period the related operating expenses are incurred.

Income from Discontinued Operations

Income from discontinued operations is computed in accordance with accounting guidance related to discontinued operations in ASC 360. The accounting guidance requires, among other things, that the primary assets and liabilities and the results of operations of the Entity's real property that has been sold, or otherwise qualifies as "held for sale", be classified as discontinued operations and segregated in the accompanying consolidated statements of operations and consolidated balance sheets. Properties classified as real estate held for sale generally represent properties that are under contract for sale and are expected to close within the next twelve months.

Income Taxes

The Entity is organized as a limited liability company and is generally not subject to income tax. Accordingly, no provision for income taxes has been reflected in the financial statements. The Entity, however, is subject to certain state and local franchise taxes. There were no state and local franchise taxes for the three months ended September 30, 2011. State and local franchise taxes of approximately $0.7 million for the three months ended September 30, 2010 are reflected in General and administrative expenses on the face of the Consolidated Statements of Operations.

3. Summary of Significant Accounting Policies (continued)

ASC 740, *Income Taxes*, (i) clarifies the accounting for uncertainty in income taxes recognized in companies' financial statements, (ii) prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and (iii) provides guidance on derecognition of recognized tax benefits, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Members have analyzed the Entity's tax position taken on income tax returns for the open 2007 through 2010 tax years and have concluded that no provision for income taxes related to uncertain tax positions is required in the Entity's consolidated financial statement as of September 30, 2011 and June 30, 2011.

Derivative Financial Instruments

The Entity accounts for derivative and hedging activities in accordance with ASC 815, *Derivatives and Hedging* ("ASC 815"). ASC 815 requires the Entity to measure derivatives, including certain derivatives embedded in other contracts, at fair value and to recognize them in the Consolidated Balance Sheets as assets or liabilities, depending on the Entity's rights or obligations under the applicable derivative contract. The Entity does not qualify for hedge accounting under ASC 815. Accordingly, for all derivative instruments the changes in fair value of the derivative instrument is recorded in earnings.

Interest rate cap agreements on $163.0 million of debt expiring on July 9, 2013 were conveyed to the Entity on June 28, 2011. The Entity will receive a payout under the terms of the caps if the one-month LIBOR rate exceeds 3.25%. These interest rate cap agreements were entered into as a requirement of the Entity's lender under the $163.0 million mortgage loan. During the three months ended September 30, 2011 the Entity entered into two interest rate cap agreements on $62.0 million of additional indebtedness, expiring on July 9, 2013. These interest rate cap agreements were entered into as a requirement of the Entity's lender under the $62.0 million mortgage loan. The cap agreements required an upfront payment of approximately $62 thousand. The Entity will receive a payout under the terms of the caps if the one-month LIBOR rate exceeds 3.25%. During the three months ended September 30, 2011, the one-month LIBOR rate did not exceed the cap rate, therefore no payments were received.

3. Summary of Significant Accounting Policies (continued)

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

Hedge Product	Hedge Type	Notional Amount	Strike	Maturity	Fair Value
Interest Rate Cap	Interest Rate	$ 120,000	3.25%	07/15/13	$ 8
Interest Rate Cap	Interest Rate	42,000	3.25%	07/15/13	3
Interest Rate Cap	Interest Rate	1,000	3.25%	07/15/13	1
Interest Rate Cap	Interest Rate	44,000	3.25%	07/15/13	3
Interest Rate Cap	Interest Rate	18,000	3.25%	07/15/13	1
		$ 225,000			$ 16

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior period amounts that are considered as part of discontinued operations and leasing commissions have been reclassified to conform to the current period presentation. Such reclassifications have no effect on previously reported net income or equity.

Application of New Accounting Standards and Recently Issued Accounting Standards

In January 2010, the FASB issued guidance on improving disclosures about fair value measurements. The guidance requires additional disclosure on transfers in and out of Levels I and II fair value measurements in the fair value hierarchy and the reasons for such transfers. In

3. Summary of Significant Accounting Policies (continued)

addition, for fair value measurements using significant unobservable inputs (Level III), the reconciliation of beginning and ending balances shall be presented on a gross basis, with separate disclosure of gross purchases, sales, issuances and settlements and transfers in and transfers out of Level III. The new guidance also requires enhanced disclosures on the fair value hierarchy to disaggregate disclosures by each class of assets and liabilities. In addition, an entity is required to provide further disclosures on valuation techniques and inputs used to measure fair value for fair value measurements that fall in either Level II or Level III. The guidance is effective for interim and annual periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the rollforward of activity in Level III fair value measurements, which are effective for reporting years beginning after December 15, 2010. The Entity adopted the guidance, excluding the reconciliation of Level III activity, with the issuance of its September 30, 2011 financial statements. Adoption did not have a material impact on the Entity's financial statements. Management is currently evaluating the implication of the additional Level III disclosures for 2011 and its impact on the financial statements has not yet been determined. See Fair Value Measurement (Note 13).

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

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

4. Acquisitions and Dispositions

There were no acquisitions or dispositions of real estate assets during the three month periods ended September 30, 2011 and 2010.

5. Discontinued Operations

There were no results from discontinued operations for the Entity for the three months ended September 30, 2011 and 2010.

6. Investment in/Advance to Unconsolidated Venture

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

Investment	City	State	JV Partner	Percent Ownership	Investment in/ Advance to Unconsolidated Venture September 30, 2011
Heritage Intercontinental LP	Dallas	TX	Intercontinental Real Estate Corporation	25%	$ 292

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

Condensed balance sheet	**September 30, 2011**	**June 30, 2011**
Assets:		
Real estate assets	$ 19,167	$ 19,168
Accumulated depreciation	(3,137)	(3,016)
Net real estate	16,030	16,152
Trade receivables, net of allowance for doubtful accounts	125	84
Other assets, net of accumulated amortization	1,516	1,310
Total assets	$ 17,671	$ 17,546

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

	September 30, 2011	June 30, 2011
Liabilities:		
Mortgages payable, net of unamortized premium	$ 13,485	$ 13,547
Other liabilities	582	335
Total liabilities	14,067	13,882
Total partners' capital	3,604	3,664
Total liabilities and partners' capital	$ 17,671	$ 17,546
Entity's share of equity	901	916
Basis differential[1]	(609)	(598)
Investment in/advance to unconsolidated joint venture	$ 292	$ 318

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

Condensed statement of operations	**Three months ended September 30, 2011**
Rental revenues	$ 339
Operating expenses	(59)
Interest expense	(214)
General and administrative	(2)
Depreciation and amortization	(123)
Net loss	(59)
Equity in loss of unconsolidated venture	$ (26)

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

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

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

7. Intangible Assets

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

	September 30, 2011	June 30, 2011	Amortization Period
In-place lease value, legal fees, and leasing commissions	$ 494,230	$ 494,966	Life of lease
Above market leases acquired	45,426	45,442	Life of lease
Subtotal	539,656	540,408	
Less: accumulated amortization	(45,464)	(1,025)	
Total	$ 494,192	$ 539,383	

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

	Three Months Ended September 30,	
	2011	2010
Amortization Expense	$ 43,339	$ 12,319
Write-offs [1]	555	387
Total	$ 43,894	$ 12,706

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

7. Intangible Assets (continued)

The estimated amortization expense on these assets during the next five calendar years ending December 31 is as follows (dollars in thousands):

Year	
2011 (remaining three months)	$ 38,567
2012	120,850
2013	88,677
2014	66,408
2015	48,667

8. Debt Obligations

As of September 30, 2011 and June 30, 2011, the Entity had the following debt obligations under various arrangements with financial institutions (dollars in thousands):

	Carrying Value as of			
	September 30, 2011	**June 30, 2011**	**Stated Interest Rates**	**Scheduled Maturity Date**
Mortgages payable				
Fixed rate mortgages [1] [2] [3] [4] [5] [6]	$ 3,893,566	$ 3,897,045	4.1055% – 11.25%	2012 – 2027
Variable rate mortgages [7]	225,000	163,000	Greater of LIBOR or 0.75% + 259 bp to 846 bp	July 2013
Total mortgages	4,118,566	4,060,045		
Net unamortized premium	86,101	90,973		
Total mortgages, net	$ 4,204,667	$ 4,151,018		
Financing liabilities				
Financing liabilities [8] [9]	$ 136,664	$ 136,664	8% – 11%	2015 – 2028
Net unamortized premium	3,028	3,072		
Total financing liabilities	$ 139,692	$ 139,736		
Total debt	$ 4,344,359	$ 4,290,754		

8. Debt Obligations (continued)

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(1) Includes a $300.0 million loan agreement with JPMorgan, which is secured by 18 properties entered into during August 2007. This loan is schedule to mature during September 2017.

(2) On June 28, 2011, in connection with the closing of the Transaction, the ownership interests in 156 real estate assets (including interests in one property held through an unconsolidated joint venture) that were not previously owned by the Entity were conveyed to the Entity by certain affiliated entities pursuant to interest assignments, contribution agreements or deeds. Mortgages amounting to approximately $1.5 billion were assumed from the conveyance of these properties and are detailed below, as follows (dollars in thousands):

Carrying value as of				
September 30, 2011	**June 30, 2011**	**Stated Interest Rates**	**Scheduled Maturity Date**	**# of properties secured by Mortgage**
$ 231,934	$ 232,737	5.63%	February 2016	12
226,109	226,109	5.44%	December 2016	15
220,936	220,936	5.39%	November 2016	14
161,508	162,114	5.62%	January 2016	22
161,040	161,040	5.42%	December 2013	13
142,877	142,877	5.39%	November 2013	14
135,500	135,500	4.85%	May 2014	8
86,000	86,000	6.32%	August 2016	7
66,000	66,000	5.29%	April 2015	3
10,175	10,212	5.25%	June 2014	1
25,194	25,286	5.25%	June 2014	1
13,305	13,350	5.25%	August 2015	1
11,615	11,674	6.13%	January 2013	1
10,296	10,361	7.69%	December 2027	1
7,500	7,500	5.63%	January 2014	1
6,401	6,578	7.89%	May 2018	1
4,589	4,684	7.63%	March 2020	1
2,069	2,588	5.50%	June 2012	1
$ 1,523,048	$ 1,525,546			

(3) On June 28, 2011, in connection with the closing of the Transaction, certain subsidiaries of the Entity (“Residual Borrowers”) obtained a $1.0 billion mortgage loan (“Mortgage Loan”) from Wells Fargo Bank, National Association, German American Capital Corporation and Barclays Bank PLC which loan is secured by, among other things, (i) mortgages, assignments of rents and pledges of collection accounts with respect to 107 retail shopping centers and (ii) a guaranty by BPG of certain recourse carveout liabilities. The lenders listed above, as well as CFI Centco Funding LLC and GSREMP Origination Joint Holding, L.P. also provided $400.0 million of additional mezzanine financing (“Mezzanine Loans”) to certain owned subsidiaries of the Entity (“Mezzanine Borrowers”) (which have interests in the Residual Borrowers), which loans are secured by a pledge of each Mezzanine Borrower’s respective interest in its direct Residual Borrower subsidiary. The Entity is not an obligor with respect to the Mortgage Loan and Mezzanine Loans. The Mortgage Loan and Mezzanine Loans bear interest at a weighted average rate of 4.90% and 9.5%, respectively, payable monthly, and are scheduled to mature on July 1, 2016. As of September 30, 2011 there was $1.4 billion outstanding under the Mortgage Loan and Mezzanine Loans.

(4) Includes a secured term loan with JPMorgan amounting to $129.2 million entered into during October 2006. The term loan is secured by 13 properties. As determined by the applicable loan agreement, the Entity incurs interest on this obligation at a fixed rate of 5.387%. This secured term loan is schedule to mature in November 2013.

(5) Includes a secured term loan with Wachovia Bank, N.A, amounting to $234.0 million entered into during November 2006. The term loan is secured by 16 properties. As determined by the applicable loan agreement, the Entity incurs interest on this obligation at a fixed rate of 5.44%. This secured term loan is schedule to mature in December 2016.

(6) Includes three fixed rate mortgage notes with JPMorgan and Goldman Sachs Commercial Mortgage Capital, L.P. (“Goldman Sachs”) entered into during December 2010 in connection with the formation of the Inland JV (See Note 2). The three 5.9095% fixed rate mortgage notes amounting to $307.3 million at September 30, 2011, are secured by 24 properties and are scheduled to mature in December 2020.

8. Debt Obligations (continued)

(7) Includes a $120.0 million loan agreement and $105.0 million mezzanine financing with JPMorgan of which $62.0 million was incurred during July 2011. These loan agreements are secured by 7 properties which were conveyed to the Entity in connection with the Transaction (Note 1).

(8) Includes a 20 year master lease agreement with a carrying value of $15.2 million, entered into during 2008.

(9) As described in Note 2, the Entity entered into a definitive joint venture with Inland in December 2010. In accordance with ASC 360, the Entity is consolidating the Inland JV under the financing method which requires the cash contributed by Inland, amounting to $121.5 million, be recorded as a liability. Interest is accrued at an 11% preferred rate.

Mortgage Loan and Mezzanine Loans

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

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

Debt Maturities

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

Calendar year ended December 31,	
2011 (remaining three months)	$ 4,990
2012	12,284
2013	682,355
2014	318,329
2015	109,144
Thereafter	3,128,128
Total debt maturities	4,255,230
Net unamortized premium on mortgages	86,101
Net unamortized premium on financing liabilities	3,028
Total debt obligation	$ 4,344,359

8. Debt Obligations (continued)

Covenants

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

Guarantees

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

Additionally, prior to June 28, 2011, certain of Brixmor's subsidiaries entered into loan agreements on July 28, 2010 for an aggregate principal amount of $659.0 million with a weighted-average interest rate of 6.75% (collectively, the "Term Loans"). Proceeds from the Term Loans were utilized to repay approximately $469.3 million of Brixmor's debt which had been scheduled to mature on or before December 31, 2010.

Collateralization of Super Bridge Loan

In connection with the closing of the Transaction, the Super Bridge Loan debt of approximately $1.7 billion was repaid in full and, hence, any collateralization of the Super Bridge Loan debt that was in place prior to the loan being repaid no longer exists. Prior to June 28, 2011, mortgages of the Residual Properties and the Preston Ridge Property were granted by the owners of those properties to secure a guaranty of $350.0 million of the outstanding principal balance of the Super Bridge Loan.

9. Accounts Payable and Accrued Expenses

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

	September 30, 2011	June 30, 2011
Property and other taxes payable	$ 54,330	$ 43,973
Interest payable	13,357	12,491
Accrued professional costs	6,709	5,950
Accounts payable	24,654	30,121
Accrued construction in progress	2,294	3,370
Accrued tenant litigation	739	739
Environmental reserve	6,750	6,750
Other	1,750	1,427
Total	$ 110,583	$ 104,821

10. Related-Party Transactions

The Company pays subcontracting and property management fees for services provided by an affiliate of the Company and subsidiary of Super. For the three months ended September 30, 2011 and 2010, these fees were $5.7 million and $3.3 million, respectively. Additionally, the Company pays costs related to leasing and construction management services. For the three months ended September 30, 2011 and 2010, these fees were $3.2 million and $1.5 million, respectively.

Financing Liabilities

As described in Note 8, Financing liabilities as of September 30, 2011 and June 30, 2011 includes a $121.5 million balance with a related party.

11. Risk Management and Use of Financial Instruments

Market, Interest Rate Risk and Concentrations of Credit Risk

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

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

Entity. The Entity does not use derivative instruments to hedge credit or market risk. Concentrations of credit risk arise when a single tenant has a significant lease or an aggregate of multiple leases at more than one property which represent a significant portion of the Entity's revenue. The Entity regularly monitors its tenant base to assess potential concentrations of credit risk. Management believes the current credit risk portfolio is reasonably well diversified and does not contain any unusual concentration of credit risk. The annualized base rent of no individual tenant accounts for more than 10.0% of the Entity's annualized base rent at September 30, 2011.

Use of Derivative Financial Instruments

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

Valuation and Liquidity Risk

The Entity may invest in real estate and real estate related investments for which no liquid market exists. The market prices for such investments may be volatile and may not be readily ascertainable. In addition, there continues to be disruptions in the global capital, credit and real estate markets. These disruptions have led to, among other things, a decline in the volume of transaction activity, in the fair value of many real estate and real estate related investments, and a contraction in short-term and long-term debt and equity funding sources. This contraction in capital includes sources that the Entity may depend on to finance certain of its investments. These market developments have had a significant adverse impact on the Entity's liquidity position, results of operations and financial condition and may continue to adversely impact the Entity if market conditions continue to deteriorate. The decline in liquidity and prices of real estate and real estate related investments, as well as the availability of observable transaction data and inputs, may have made it more difficult to determine the fair value of such investments. As a result, amounts ultimately realized by the Entity from investments sold may differ from the fair values presented, and the differences could be material.

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

Financing Risk

There is no guarantee that the Entity's borrowing arrangements or other arrangements for obtaining leverage will continue to be available, or if available, will be available on terms and conditions acceptable to the Entity. Unfavorable economic conditions also could increase funding costs, limit access to the capital markets or result in a decision by lenders not to extend credit to the Entity. In addition, a decline in market value of the Entity's assets may have particular adverse consequences in instances where the Entity borrowed money based on the fair value of those assets. A decrease in market value of those assets may result in the lender requiring the Entity to post additional collateral or otherwise sell assets at a time when it may not be in the Entity's best interest to do so. In the event the Entity is required to liquidate all or a portion of its portfolio quickly, the Entity may realize significantly less than the value at which it previously recorded those investments.

Covenant Risk

In the normal course of business, the Entity enters into loan agreements with certain lenders to finance its real estate investment transactions. These loan agreements contain, among other conditions, events of default and various covenants and representations. As of September 30, 2011 and 2010, the Entity was in compliance with all covenants.

Diversification Risk

The assets of the Entity are concentrated in the real estate sector. Accordingly, the investment portfolio of the Entity may be subject to more rapid change in value than would be the case if the Entity were to maintain a wide diversification among investments or industry sectors. Furthermore, even within the real estate sector, the investment portfolio may be relatively concentrated in terms of type of real estate investment. This lack of diversification may subject the investments of the Entity to more rapid change in value than would be the case if the assets of the Entity were more widely diversified. Further, all of the Entity’s operations and assets are within the United States, and no tenant comprises more than 10% of revenue.

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

Risks Associated with Liquidity Position

As of September 30, 2011, the Entity had approximately $68.8 million in available cash and cash equivalents. The Entity funds its capital needs from cash generated from operations, proceeds from the refinancing of debt and asset sales to generate cash proceeds. Management believes that the foregoing cash sources will be sufficient to meet expected capital needs during the next 12 months.

During the remaining three months ending December 31, 2011, the Entity has a $2.1 million mortgage loan scheduled to mature with a one year option to extend, and $2.8 million of scheduled mortgage amortization payments.

In addition to short-term indebtedness, the Entity's short-term liquidity requirements consist primarily of funds necessary to pay for management fees, operating, and other expenses directly associated with our portfolio of properties, interest expense, and scheduled principal payments on our outstanding debt and capital expenditures incurred to facilitate the leasing of space (e.g., tenant improvements and leasing commissions).

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

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

12. Fair Value of Financial Instruments

In accordance with ASC 825, *Financial Instruments* ("ASC 825") fair value of the below debt obligations was determined using available market information and discounted cash flow analyses as of September 30, 2011 and June 30, 2011. The discount rate used in calculating fair value is interest rates currently being offered to the Entity for loans with similar terms. Considerable judgment is necessary to interpret market data and to develop the related estimates of fair value. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Entity could realize upon disposition. The use of different estimation methodologies may have a material effect on the estimated fair value amounts. The Entity believes that the carrying amounts reflected in the Consolidated Balance Sheet at September 30, 2011 and June 30, 2011 for cash and cash equivalents, receivables and other liabilities approximate their fair values. The estimated fair value of our debt obligations compared to their carrying amounts is as follows (dollars in thousands):

	September 30, 2011		June 30, 2011	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Mortgages payable	$ 4,204,667	$ 4,199,450	$ 4,151,018	$ 4,151,018
Financing liabilities	139,692	143,585	139,736	139,736
Total	$ 4,344,359	$ 4,343,035	$ 4,290,754	$ 4,290,754

13. Fair Value Measurement

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

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

13. Fair Value Measurement (continued)

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

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities. Level 2 assets are derivative instruments for which the fair value is estimated based on valuations obtained from third party pricing services for identical or comparable assets.

Level 3: Unobservable inputs that are supported by little or no market activity. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, for which the determination of fair value requires significant management judgment or estimation.

During the three months ended September 30, 2011 and 2010, there were no transfers in or out of Levels 1 and 2.

The fair value of the below derivative instruments, which are classified as Other assets on the consolidated balance sheets, are derived using mid-market discount curves obtained from independent sources within the industry.

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

	Recurring Fair Value Measurements Using			**Assets (Liabilities)**
	Level 1	**Level 2**	**Level 3**	**at Fair Value**
Derivative financial instruments	$ -	$ 16	$ -	$ -

There were no financial assets measured on a non-recurring basis as of September 30, 2011 and June 30, 2011.

14. Commitments and Contingencies

General

The Entity is not presently involved in any material litigation arising outside the ordinary course of its business. The Entity is currently involved in routine litigation arising in the ordinary course of business, none of which is believed to be material.

Funding Commitments

The Entity did not have any contractual obligations as of September 30, 2011, which the Entity believes will have a material adverse affect on the Entity's operations.

Leasing Commitments

The Entity has entered into leases, as lessee, in connection with ground leases for shopping centers which it operates and administrative space for the Entity. These leases are accounted for as operating leases. The minimum annual rental commitments for these leases during the next five calendar years ending December 31 and thereafter are approximately as follows (dollars in thousands):

Year	
2011 (remaining three months)	$570
2012	2,346
2013	2,352
2014	2,352
2015	2,352
Thereafter	62,553

Environmental Matters

Under various federal, state and local laws, ordinances and regulations, the Entity may be considered an owner or operator of real property or may have arranged for the disposal or treatment of hazardous or toxic substances and, therefore, may become liable for the costs of removal or remediation of certain hazardous substances released on or in their property or disposed of by them, as well as certain other potential costs which could relate to hazardous or toxic substances (including governmental fines and injuries to persons and property). Such liability may be imposed whether or not the Entity knew of, or was responsible for, the presence of these hazardous or toxic substances. As is common with community and neighborhood shopping centers, many of the Entity's properties had or have on-site dry cleaners and/or on-site gasoline facilities. These operations could potentially result in environmental contamination at the properties.

14. Commitments and Contingencies (continued)

The Entity is aware that soil and groundwater contamination exists at some of its properties. The primary contaminants of concern at these properties include perchloroethylene and trichloroethylene (associated with the operations of on-site dry cleaners) and petroleum hydrocarbons (associated with the operations of on-site gasoline facilities). The Entity is also aware that asbestos-containing materials exist at some of its properties. While the Entity does not expect the environmental conditions at its properties, for which exposure has been mitigated through insurance coverage specific to environmental conditions, considered as a whole, to have a material adverse effect on the Entity, there can be no assurance that this will be the case. Further, no assurance can be given that any environmental studies performed have identified or will identify all material environmental conditions that any prior owner of the properties did not create a material environmental condition not known to the Entity or that a material environmental condition does not otherwise exist with respect to any of the Entity's properties.

15. Subsequent Events

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