

CBL & ASSOCIATES PROPERTIES INC
Form 10-Q
November 09, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2007

OR

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

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NO. 1-12494

CBL & ASSOCIATES PROPERTIES, INC.

(Exact Name of registrant as specified in its charter)

DELAWARE 62-1545718

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

2030 Hamilton Place Blvd., Suite 500, Chattanooga, TN 37421-6000

(Address of principal executive office, including zip code)

423.855.0001

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of November 6, 2007, there were 65,710,300 shares of common stock, par value \$0.01 per share, outstanding.

CBL & Associates Properties, Inc.

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PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements

CBL & Associates Properties, Inc.

Condensed Consolidated Balance Sheets

(In thousands, except share data)

(Unaudited)

	September 30, 2007	December 31, 2006
ASSETS		
Real estate assets:		
Land	\$ 828,905	\$ 779,727
Buildings and improvements	6,239,802	5,944,476
	7,068,707	6,724,203
Less accumulated depreciation	(1,053,459)	(924,297)
	6,015,248	5,799,906
Developments in progress	271,331	294,345
Net investment in real estate assets	6,286,579	6,094,251
Cash and cash equivalents	48,880	28,700
Cash held in escrow	33,202	—
Receivables:		
Tenant, net of allowance for doubtful accounts of \$1,175 in 2007 and \$1,128 in 2006	70,121	71,573
Other	13,734	9,656
Mortgage and other notes receivable	34,851	21,559
Investments in unconsolidated affiliates	99,212	78,826
Intangible lease assets and other assets	228,417	214,245
	\$ 6,814,996	\$ 6,518,810
LIABILITIES AND SHAREHOLDERS' EQUITY		
Mortgage and other notes payable	\$ 5,052,266	\$ 4,564,535
Accounts payable and accrued liabilities	324,711	309,969
Total liabilities	5,376,977	4,874,504
Commitments and contingencies (Notes 3 and 8)		
Minority interests	505,104	559,450
Shareholders' equity:		
Preferred stock, \$.01 par value, 15,000,000 shares authorized:		
8.75% Series B cumulative redeemable preferred stock,		
2,000,000 shares outstanding in 2006	—	20
	5	5

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7.75% Series C cumulative redeemable preferred stock, 460,000 shares outstanding in 2007 and 2006		
7.375% Series D cumulative redeemable preferred stock, 700,000 shares outstanding in 2007 and 2006	7	7
Common stock, \$.01 par value, 180,000,000 shares authorized, 65,710,828 and 65,421,311 shares issued and outstanding in 2007 and 2006, respectively	657	654
Additional paid-in capital	984,323	1,074,450
Accumulated other comprehensive income (loss)	(4,707)) 19
Retained earnings (accumulated deficit)	(47,370)) 9,701
Total shareholders' equity	932,915	1,084,856
	\$ 6,814,996	\$ 6,518,810

The accompanying notes are an integral part of these balance sheets.

CBL & Associates Properties, Inc.

Condensed Consolidated Statements of Operations

(In thousands, except per share data)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2007	2006	2007	2006
REVENUES:				
Minimum rents	\$ 155,814	\$ 155,095	\$ 465,223	\$ 454,661
Percentage rents	3,506	3,447	11,840	11,554
Other rents	3,580	3,041	11,942	10,438
Tenant reimbursements	83,095	76,602	235,810	226,536
Management, development and leasing fees	1,390	1,181	6,565	3,945
Other	3,837	5,678	15,507	17,096
Total revenues	251,222	245,044	746,887	724,230
EXPENSES:				
Property operating	42,080	40,965	123,997	117,914
Depreciation and amortization	58,893	62,142	176,067	170,546
Real estate taxes	24,527	20,098	65,039	59,548
Maintenance and repairs	12,544	13,715	41,856	39,716
General and administrative	8,305	9,402	29,072	28,051
Loss on impairment of real estate assets	—	—	—	274
Other	3,647	5,127	12,088	13,815
Total expenses	149,996	151,449	448,119	429,864
Income from operations	101,226	93,595	298,768	294,366
Interest income	1,990	2,009	7,618	5,687
Interest expense	(72,789)	(63,884)	(207,730)	(191,474)
Loss on extinguishment of debt	—	(935)	(227)	(935)
Gain on sales of real estate assets	4,337	3,901	10,565	6,831
Equity in earnings of unconsolidated affiliates	1,086	621	2,768	3,807
Income tax provision	(2,609)	—	(4,360)	—
Minority interest in earnings:				
Operating partnership	(13,288)	(12,075)	(35,886)	(47,930)
Shopping center properties	(2,121)	(1,402)	(6,418)	(2,663)
Income from continuing operations	17,832	21,830	65,098	67,689
Operating income from discontinued operations	754	147	1,274	3,898
Gain on disposal of discontinued operations	3,957	2	3,902	7,217
Net income	22,543	21,979	70,274	78,804
Preferred dividends	(5,455)	(7,642)	(24,320)	(22,926)
Net income available to common shareholders	\$ 17,088	\$ 14,337	\$ 45,954	\$ 55,878
Basic per share data:				
Income from continuing operations, net of preferred dividends	\$ 0.19	\$ 0.22	\$ 0.63	\$ 0.70
Discontinued operations	0.07	—	0.07	0.18
Net income available to common shareholders	\$ 0.26	\$ 0.22	\$ 0.70	\$ 0.88

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Weighted average common shares outstanding	65,343	64,174	65,233	63,616
Diluted per share data:				
Income from continuing operations, net of preferred dividends	\$ 0.19	\$ 0.22	\$ 0.62	\$ 0.69
Discontinued operations	0.07	—	0.08	0.17
Net income available to common shareholders	\$ 0.26	\$ 0.22	\$ 0.70	\$ 0.86
Weighted average common and potential dilutive common shares outstanding	65,876	65,496	65,900	65,086
Dividends declared per common share	\$ 0.5050	\$ 0.4575	\$ 1.5150	\$ 1.3725

The accompanying notes are an integral part of these statements.

CBL & Associates Properties, Inc.**Condensed Consolidated Statements of Cash Flows****(In thousands)**

(Unaudited)

	Nine Months Ended September 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 70,274	\$ 78,804
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	116,256	104,610
Amortization	66,135	73,212
Amortization of debt premiums	(5,779)	(5,599)
Net amortization of above and below market leases	(8,280)	(9,739)
Gain on sales of real estate assets	(10,565)	(6,831)
Gain on disposal of discontinued operations	(3,902)	(7,217)
Abandoned development projects	955	294
Share-based compensation expense	4,527	4,934
Income tax benefit from stock options	4,139	—
Loss on extinguishment of debt	227	935
Equity in earnings of unconsolidated affiliates	(2,768)	(3,807)
Distributions of earnings from unconsolidated affiliates	6,924	6,517
Loss on impairment of real estate assets	—	274
Minority interest in earnings	42,304	50,593
Changes in:		
Tenant and other receivables	(1,631)	(9,226)
Other assets	(4,359)	(4,682)
Accounts payable and accrued liabilities	35,319	(4,423)
Net cash provided by operating activities	309,776	268,649
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to real estate assets	(415,019)	(288,569)
Acquisitions of real estate assets and other assets	(11,506)	—
Purchase of available-for-sale securities	(24,325)	—
Cash placed in escrow	(33,202)	—
Changes in other assets	(2,493)	(8,975)
Proceeds from sales of real estate assets	52,923	113,834
Additions to mortgage notes receivable	(2,613)	(300)
Payments received on mortgage notes receivable	4,584	155
Additional investments in and advances to unconsolidated affiliates	(34,934)	(14,524)
Distributions in excess of equity in earnings of unconsolidated affiliates	10,636	8,132
Purchase of minority interest in the Operating Partnership	(17,429)	(3,610)
Net cash used in investing activities	(473,378)	(193,857)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from mortgage and other notes payable	825,294	742,082
Principal payments on mortgage and other notes payable	(331,784)	(613,122)
Additions to deferred financing costs	(4,960)	(5,365)
Prepayment fees on extinguishment of debt	(227)	(557)

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Proceeds from issuance of common stock	246		291	
Proceeds from exercises of stock options	5,656		6,987	
Income tax benefit from stock options	(4,139))	—	
Purchase of common stock for retirement	(1,393))	—	
Redemption of preferred stock	(100,000))	—	
Contributions from minority partners	1,822		—	
Distributions to minority interests	(86,721))	(84,187))
Dividends paid to holders of preferred stock	(20,690))	(22,927))
Dividends paid to common shareholders	(99,322))	(93,272))
Net cash provided by (used in) financing activities	185,093		(70,070))
NET CHANGE IN CASH AND CASH EQUIVALENTS	20,180		4,722	
CASH AND CASH EQUIVALENTS, beginning of period	28,700		28,838	
CASH AND CASH EQUIVALENTS, end of period	\$ 48,880		\$ 33,560	
SUPPLEMENTAL INFORMATION:				
Cash paid for interest, net of amounts capitalized	\$ 208,300		\$ 189,512	
The accompanying notes are an integral part of these statements.				

CBL & Associates Properties, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

(In thousands, except per share data)

Note 1 – Organization and Basis of Presentation

CBL & Associates Properties, Inc. (“CBL”), a Delaware corporation, is a self-managed, self-administered, fully integrated real estate investment trust (“REIT”) that is engaged in the ownership, development, acquisition, leasing, management and operation of regional shopping malls, open-air centers and community centers. CBL’s shopping center properties are located in 26 states, but primarily in the southeastern and midwestern United States.

CBL conducts substantially all of its business through CBL & Associates Limited Partnership (the “Operating Partnership”). At September 30, 2007 the Operating Partnership owned controlling interests in 72 regional malls/open-air centers, 28 associated centers (each adjacent to a regional shopping mall), four community centers and CBL’s corporate office building. The Operating Partnership consolidates the financial statements of all entities in which it has a controlling financial interest or where it is the primary beneficiary of a variable interest entity. The Operating Partnership owned non-controlling interests in seven regional malls, four associated centers and two community centers. Because one or more of the other partners have substantive participating rights, the Operating Partnership does not control these partnerships and, accordingly, accounts for these investments using the equity method. The Operating Partnership had five mall expansions, three associated/lifestyle centers, one mixed-use center, three community centers and an office building under construction at September 30, 2007. The Operating Partnership also holds options to acquire certain development properties owned by third parties.

CBL is the 100% owner of two qualified REIT subsidiaries, CBL Holdings I, Inc. and CBL Holdings II, Inc. At September 30, 2007, CBL Holdings I, Inc., the sole general partner of the Operating Partnership, owned a 1.6% general partner interest in the Operating Partnership and CBL Holdings II, Inc. owned a 54.9% limited partner interest for a combined interest held by CBL of 56.5%.

The minority interest in the Operating Partnership is held primarily by CBL & Associates, Inc. and its affiliates (collectively “CBL’s Predecessor”) and by affiliates of The Richard E. Jacobs Group, Inc. (“Jacobs”). CBL’s Predecessor contributed their interests in certain real estate properties and joint ventures to the Operating Partnership in exchange for a limited partner interest when the Operating Partnership was formed in November 1993. Jacobs contributed their interests in certain real estate properties and joint ventures to the Operating Partnership in exchange for limited partner interests when the Operating Partnership acquired the majority of Jacobs’ interests in 23 properties in January 2001 and the balance of such interests in February 2002. At September 30, 2007, CBL’s Predecessor owned a 15.0% limited partner interest, Jacobs owned a 19.7% limited partner interest and various third parties owned an 8.8% limited partner interest in the Operating Partnership. CBL’s Predecessor also owned 6.5 million shares of CBL’s common stock at September 30, 2007, for a total combined effective interest of 20.6% in the Operating Partnership.

The Operating Partnership conducts CBL’s property management and development activities through CBL & Associates Management, Inc. (the “Management Company”) to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”). The Operating Partnership owns 100% of the Management Company’s preferred stock and common stock.

CBL, the Operating Partnership and the Management Company are collectively referred to herein as “the Company”.

The accompanying condensed consolidated financial statements are unaudited; however, they have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the disclosures required by accounting

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principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair presentation of the financial statements for these interim periods have been included. The results for the interim periods ended September 30, 2007, are not necessarily indicative of the results to be obtained for the full fiscal year. Certain prior year amounts have been reclassified for discontinued operations. See Note 11 for further discussion.

These condensed consolidated financial statements should be read in conjunction with CBL's audited consolidated financial statements and notes thereto included in its Annual Report on Form 10-K for the year ended December 31, 2006.

Note 2 – Joint Ventures

Equity Method Investments

At September 30, 2007, the Company had investments in the following 13 partnerships and joint ventures, which are accounted for using the equity method of accounting:

Joint Venture	Property Owned	Company's	
		Interest	
Governor's Square IB	Governor's Plaza	50.0	%
Governor's Square Company	Governor's Square	47.5	%
High Pointe Commons, LP	High Pointe Commons	50.0	%
Imperial Valley Mall L.P.	Imperial Valley Mall	60.0	%
Imperial Valley Peripheral L.P.	Imperial Valley Mall (vacant land)	60.0	%
Imperial Valley Commons L.P.	Imperial Valley Commons	60.0	%
Kentucky Oaks Mall Company	Kentucky Oaks Mall	50.0	%
Mall of South Carolina L.P.	Coastal Grand—Myrtle Beach	50.0	%
Mall of South Carolina Outparcel L.P.	Coastal Grand—Myrtle Beach (vacant land)	50.0	%
Mall Shopping Center Company	Plaza del Sol	50.6	%
Parkway Place L.P.	Parkway Place	45.0	%
Triangle Town Member LLC	Triangle Town Center, Triangle Town Commons and Triangle Town Place	50.0	%
York Town Center, LP	York Town Center	50.0	%

Condensed combined financial statement information for the unconsolidated affiliates is as follows:

Total for the Three	Company's Share for the Three
Months Ended September 30,	Months Ended September 30

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	2007	2006	2007	2006
Revenues	\$ 24,248	\$ 22,578	\$ 12,260	\$ 11,429
Depreciation and amortization expense	(6,800)	(6,684)	(3,425)	(3,377)
Interest expense	(8,364)	(8,880)	(4,178)	(4,485)
Other operating expenses	(7,535)	(7,332)	(3,866)	(3,741)
Gain on sales of real estate assets	490	1,470	295	795
Net income	\$ 2,039	\$ 1,152	\$ 1,086	\$ 621

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	Total for the Nine Months Ended September 30,		Company's Share for the Nine Months Ended September 30,	
	2007	2006	2007	2006
Revenues	\$ 71,417	\$ 69,573	\$ 36,067	\$ 35,075
Depreciation and amortization expense	(20,832)	(19,807)	(10,550)	(10,020)
Interest expense	(25,027)	(25,987)	(12,576)	(13,154)
Other operating expenses	(22,360)	(20,456)	(11,391)	(10,396)
Gain on sales of real estate assets	2,281	4,283	1,218	2,302
Net income	\$ 5,479	\$ 7,606	\$ 2,768	\$ 3,807

Cost Method Investments

In February 2007, the Company acquired a 6.2% minority interest in subsidiaries of Jinsheng Group ("Jinsheng"), an established mall operating and real estate development company located in Nanjing, China, for \$10,125. As of September 30, 2007, Jinsheng owns controlling interests in four home decor shopping malls and two general retail shopping centers.

Jinsheng also issued to the Company a secured convertible promissory note in exchange for cash of \$4,875. The note is secured by 16,565,534 Series 2 Ordinary Shares of Jinsheng. The secured note is non-interest bearing and matures upon the earlier to occur of (i) January 22, 2012, (ii) the closing of the sale, transfer or other disposition of substantially all of Jinsheng's assets, (iii) the closing of a merger or consolidation of Jinsheng or (iv) an event of default, as defined in the secured note. In lieu of the Company's right to demand payment on the maturity date, at any time commencing upon the earlier to occur of January 22, 2010 or the occurrence of a Final Trigger Event, as defined in the secured note, the Company may, at its sole option, convert the outstanding amount of the secured note into 16,565,534 Series A-2 Preferred Shares of Jinsheng (which equates to a 2.275% ownership interest).

Jinsheng also granted the Company a warrant to acquire 5,461,165 Series A-3 Preferred Shares for \$1,875. The warrant expires upon the earlier of January 22, 2010 or the date that Jinsheng distributes, as a dividend, shares of Jinsheng's successor should Jinsheng complete an initial public offering.

The Company accounts for its minority interest in Jinsheng using the cost method because the Company does not exercise significant influence over Jinsheng and there is no readily determinable market value of Jinsheng's shares since they are not publicly traded. The Company recorded the secured note at its estimated fair value of \$4,513, which reflects a discount of \$362 due to the fact that it is non-interest bearing. The discount is amortized to interest income over the term of the secured note using the effective interest method. The minority interest and the secured note are reflected as investment in unconsolidated affiliates in the accompanying consolidated balance sheet. The Company recorded the warrant at its estimated fair value of \$362, which is included in other assets in the accompanying consolidated balance sheet. There have been no significant changes to the fair values of the secured note and warrant.

Variable Interest Entities

In August 2007, the Company entered into a joint venture agreement with a third party to develop and operate Statesboro Crossing, an open-air shopping center in Statesboro, GA. The Company holds a 50% ownership interest in the joint venture. The Company determined that its investment represents a variable interest in a variable interest entity and that the Company is the primary beneficiary. As a result, the joint

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venture is presented in the accompanying financial statements as of September 30, 2007 on a consolidated basis, with the interests of the third party reflected as minority interest.

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In May 2007, the Company entered into a joint venture agreement with certain third parties to develop and operate The Village at Orchard Hills, a lifestyle center in Grand Rapids Township, MI. The Company holds a 50% ownership interest in the joint venture. The Company determined that its investment represents a variable interest in a variable interest entity and that the Company is the primary beneficiary. As a result, the joint venture is presented in the accompanying financial statements as of September 30, 2007 on a consolidated basis, with the interests of the third parties reflected as minority interest.

In March 2007, the Company entered into an amended and restated joint venture agreement with a third party to develop and operate Settlers Ridge, an open-air shopping center in Robinson Township, PA. The Company holds a 60% ownership interest in the joint venture. The Company determined that its investment represents a variable interest in a variable interest entity and that the Company is the primary beneficiary. The joint venture is presented in the accompanying financial statements on a consolidated basis, with the interests of the third party reflected as minority interest.

In October 2006, the Company entered into a loan agreement with a third party to loan the third party up to \$7,300 to fund land acquisition costs and certain predevelopment expenses for the purpose of developing a shopping center. The loan agreement provides that, in certain circumstances, the Company may convert the loan to a 25% ownership interest in the third party. As of December 31, 2006, the Company determined that its loan to the third party was a variable interest in a variable interest entity and that the Company was the primary beneficiary. As a result, the Company consolidated this entity as of December 31, 2006. During the first quarter of 2007, the Company reconsidered its status as the primary beneficiary of this variable interest entity and determined that it no longer was the primary beneficiary. Therefore, the Company ceased consolidating this variable interest entity and has recorded the loan as a mortgage note receivable. The loan bears interest at 9.0% and originally was to mature on October 31, 2007. The Company has received notice from the third party that it has exercised its option to extend the loan for an additional year.

Note 3 – Mortgage and Other Notes Payable

Mortgage and other notes payable consisted of the following at September 30, 2007 and December 31, 2006, respectively:

	September 30, 2007			December 31, 2006		
	Amount	Weighted Average Interest Rate(1)	%	Amount	Weighted Average Interest Rate(1)	%
Fixed-rate debt:						
Non-recourse loans on operating properties	\$ 4,049,524	5.93	%	\$ 3,517,710	5.99	%
Variable-rate debt:						
Recourse term loans on operating properties	75,221	6.75	%	101,464	6.48	%
Construction loans	34,589	6.78	%	114,429	6.61	%
Lines of credit	892,932	6.28	%	830,932	6.19	%
Total variable-rate debt	1,002,742	6.33	%	1,046,825	6.26	%
Total	\$ 5,052,266	6.01	%	\$ 4,564,535	6.06	%

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(1) Weighted-average interest rate including the effect of debt premiums, but excluding amortization of deferred financing costs.

During the second quarter of 2007, the Company obtained two separate ten-year, non-recourse loans totaling \$207,520 that bear interest at fixed rates ranging from 5.60% to 5.66%, with a weighted average of 5.61%. The loans are secured by Gulf Coast Town Center and Eastgate Crossing. The proceeds were used to retire two variable rate loans totaling \$143,258 and to reduce outstanding balances on the Company's credit facilities.

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During the first quarter of 2007, the Company obtained six separate ten-year, non-recourse loans totaling \$417,040 that bear interest at fixed rates ranging from 5.67% to 5.68%, with a weighted average of 5.67%. The loans are secured by Mall of Acadiana, Citadel Mall, The Plaza at Fayette Mall, Layton Hills Mall and its associated center, Hamilton Corner and The Shoppes at St. Clair Square. The proceeds were used to retire \$92,050 of mortgage notes payable that were scheduled to mature during the next twelve months and to reduce outstanding balances on the Company's credit facilities. The mortgage notes payable that were retired consisted of two variable rate term loans totaling \$51,825 and three fixed rate loans totaling \$40,225. The Company recorded a loss on extinguishment of debt of \$227 in the nine months ended September 30, 2007, related to prepayment fees and the write-off of unamortized deferred financing costs associated with the loans that were retired.

Unsecured Line of Credit

The Company has one unsecured credit facility that is used for construction, acquisition and working capital purposes, as well as issuances of letters of credit. The unsecured credit facility has total availability of \$560,000 that bears interest at the London Interbank Offered Rate ("LIBOR") plus a margin of 0.75% to 1.20% based on the Company's leverage, as defined in the agreement. The credit facility matures in August 2008 and has three one-year extension options, which are at the Company's election. At September 30, 2007, the outstanding borrowings of \$283,232 under the unsecured credit facility had a weighted average interest rate of 6.53%. Additionally, the Company pays an annual fee equal to 0.1% of the amount of total availability under the unsecured credit facility.

Secured Lines of Credit

The Company has four secured lines of credit that are used for construction, acquisition, and working capital purposes, as well as issuances of letters of credit. Each of these lines is secured by mortgages on certain of the Company's operating properties. Borrowings under the secured lines of credit bear interest at a rate of LIBOR plus a margin ranging from 0.80% to 0.90% and had a weighted average interest rate of 6.16% at September 30, 2007. The Company also pays a fee based on the amount of unused availability under its largest secured credit facility at a rate of 0.125% or 0.250%, depending on the level of unused availability. The following summarizes certain information about the secured lines of credit as of September 30, 2007:

Total Available	Total Outstanding	Maturity Date
\$ 525,000	\$ 525,000	February 2009
100,000	47,500	June 2009
20,000	20,000	March 2010
17,200	17,200	April 2008
\$ 662,200	\$ 609,700	

In September 2007, the Company amended the largest secured credit facility to increase the maximum availability from \$476,000 to \$525,000 and to substitute certain collateral under the facility.

Letters of Credit

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At September 30, 2007, the Company had additional secured and unsecured lines of credit with a total commitment of \$40,523 that are used only for issuing letters of credit. The letters of credit outstanding under these lines of credit totaled \$31,231 at September 30, 2007.

Covenants and Restrictions

Thirty-nine malls/open-air centers, nine associated centers, three community centers and the corporate office building are owned by special purpose entities that are included in the Company's

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consolidated financial statements. The sole business purpose of the special purpose entities is to own and operate these properties, each of which is encumbered by a commercial-mortgage-backed-securities loan. The real estate and other assets owned by these special purpose entities are restricted under the loan agreements in that they are not available to settle other debts of the Company. However, so long as the loans are not under an event of default, as defined in the loan agreements, the cash flows from these properties, after payments of debt service, operating expenses and reserves, are available for distribution to the Company.

Maturities

The weighted average remaining term of the Company's consolidated debt was 4.9 years at September 30, 2007 and 4.8 years at December 31, 2006. The Company has six loans and two lines of credit with amounts outstanding totaling \$597,734 that are scheduled to mature before September 30, 2008. The Company expects to retire or refinance these borrowings.

Note 4 – Shareholders' Equity and Minority Interests

On August 2, 2007, the Company's Board of Directors approved a \$100,000 common stock repurchase plan effective for twelve months. Under the August 2007 plan, purchases of shares of the Company's common stock may be made from time to time, subject to market conditions and at prevailing market prices, through open market purchases. Any stock repurchases are to be funded through the Company's available cash and credit facilities. The Company is not obligated to repurchase any shares of stock under the plan and the Company may terminate the plan at any time. Repurchased shares are deemed retired and are, accordingly, cancelled and no longer considered issued. During the three and nine months ended September 30, 2007, the Company repurchased 148,500 shares at a cost of approximately \$5,169. The cost of repurchased shares is recorded as a reduction in the respective components of shareholders' equity.

On June 28, 2007, the Company redeemed its 2,000,000 outstanding shares of 8.75% Series B Cumulative Redeemable Stock (the "Series B Preferred Stock") for \$100,000, representing a liquidation preference of \$50.00 per share, plus accrued and unpaid dividends of \$2,139. In connection with the redemption of the Series B Preferred Stock, the Company incurred a charge of \$3,630 to write off direct issuance costs that were recorded as a reduction of additional paid-in capital when the Series B Preferred Stock was issued. The charge is included in preferred dividends in the accompanying consolidated statement of operations for the nine months ended September 30, 2007.

During the nine months ended September 30, 2007, holders of 220,670 special common units of limited partnership interest in the Operating Partnership exercised their conversion rights. The Company elected to pay cash of \$9,423 in exchange for the special common units. All of these units were redeemed during the first six months of 2007.

Note 5 – Segment Information

The Company measures performance and allocates resources according to property type, which is determined based on certain criteria such as type of tenants, capital requirements, economic risks, leasing terms, and short and long-term returns on capital. Rental income and tenant reimbursements from tenant leases provide the majority of revenues from all segments. Information on the Company's reportable segments is presented as follows:

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	Associated		Community	All	
Three Months Ended September 30, 2007	Malls	Centers	Centers	Other	Total
Revenues	\$ 230,812	\$ 11,320	\$ 3,272	\$ 5,818	\$ 251,222
Property operating expenses (1)	(84,377)	(2,795)	(1,021)	9,042	(79,151)
Interest expense	(59,002)	(2,336)	(1,665)	(9,786)	(72,789)
Other expense	—	—	—	(3,647)	(3,647)
Gain (loss) on sales of real estate assets	1,668	(1)	1,569	1,101	4,337
Segment profit and loss	\$ 89,101	\$ 6,188	\$ 2,155	\$ 2,528	99,972
Depreciation and amortization expense					(58,893)
General and administrative expense					(8,305)
Interest and other income					1,990
Equity in earnings of unconsolidated affiliates					1,086
Income tax provision					(2,609)
Minority interest in earnings					(15,409)
Income before discontinued operations					\$ 17,832
Capital expenditures (2)	\$ 66,508	\$ 6,298	\$ 39	\$ 81,468	\$ 154,313

	Associated		Community	All	
Three Months Ended September 30, 2006	Malls	Centers	Centers	Other	Total
Revenues	\$ 226,294	\$ 9,696	\$ 1,895	\$ 7,159	\$ 245,044
Property operating expenses (1)	(77,455)	(2,443)	(774)	5,894	(74,778)
Interest expense	(53,526)	(1,121)	(712)	(8,525)	(63,884)
Other expense	—	—	—	(5,127)	(5,127)
Gain (loss) on sales of real estate assets	2,229	(5)	(15)	1,692	3,901
Segment profit and loss	\$ 97,542	\$ 6,127	\$ 394	\$ 1,093	105,156
Depreciation and amortization expense					(62,142)
General and administrative expense					(9,402)
Loss on extinguishment of debt					(935)
Interest and other income					2,009
Equity in earnings of unconsolidated affiliates					621
Minority interest in earnings					(13,477)
Income before discontinued operations					\$ 21,830
Capital expenditures (2)	\$ 100,566	\$ 14,015	\$ 1,110	\$ 36,305	\$ 151,996

	Associated		Community	All	
Nine Months Ended September 30, 2007	Malls	Centers	Centers	Other	Total
Revenues	\$ 685,776	\$ 31,933	\$ 7,610	\$ 21,568	\$ 746,887
Property operating expenses (1)	(243,934)	(7,196)	(2,419)	22,657	(230,892)
Interest expense	(171,865)	(6,465)	(3,655)	(25,745)	(207,730)
Other expense	—	—	—	(12,088)	(12,088)
Gain (loss) on sales of real estate assets	1,496	(11)	1,558	7,522	10,565
Segment profit and loss	\$ 271,473	\$ 18,261	\$ 3,094	\$ 13,914	306,742
Depreciation and amortization expense					(176,067)

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General and administrative expense					(29,072)
Loss on extinguishment of debt					(227)
Interest and other income					7,618
Equity in earnings of unconsolidated affiliates					2,768
Income tax provision					(4,360)
Minority interest in earnings					(42,304)
Income before discontinued operations					\$ 65,098
Total assets	\$ 5,880,107	\$ 350,597	\$ 175,467	\$ 408,825	\$ 6,814,996
Capital expenditures (2)	\$ 210,193	\$ 21,964	\$ 9,794	\$ 188,606	\$ 430,557

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	Associated		Community	All	Total
	Malls	Centers	Centers	Other	
Nine Months Ended September 30, 2006					
Revenues	\$ 669,811	\$ 28,109	\$ 5,772	\$ 20,538	\$ 724,230
Property operating expenses (1)	(226,835)	(6,718)	(2,033)	18,408	(217,178)
Interest expense	(161,435)	(3,425)	(2,117)	(24,497)	(191,474)
Other expense	—	—	—	(13,815)	(13,815)
Gain on sales of real estate assets	2,224	1,054	33	3,520	6,831
Segment profit and loss	\$ 283,765	\$ 19,020	\$ 1,655	\$ 4,154	308,594
Depreciation and amortization expense					(170,546)
General and administrative expense					(28,051)
Loss on impairment of real estate assets					(274)
Loss on extinguishment of debt					(935)
Interest and other income					5,687
Equity in earnings of unconsolidated affiliates					3,807
Minority interest in earnings					(50,593)
Income before discontinued operations					\$ 67,689
Total assets	\$ 5,805,546	\$ 279,228	\$ 54,670	\$ 276,767	\$ 6,416,211
Capital expenditures (2)	\$ 198,165	\$ 37,862	\$ 1,632	\$ 88,838	\$ 326,497

- (1) Property operating expenses include property operating expenses, real estate taxes and maintenance and repairs.
(2) Amounts include acquisitions of real estate assets and investments in unconsolidated affiliates. Developments in progress are included in the All Other category.

Note 6 – Earnings Per Share

Basic earnings per share (“EPS”) is computed by dividing net income available to common shareholders by the weighted-average number of unrestricted common shares outstanding for the period. Diluted EPS assumes the issuance of common stock for all potential dilutive common shares outstanding. The limited partners’ rights to convert their minority interest in the Operating Partnership into shares of common stock are not dilutive. The following summarizes the impact of potential dilutive common shares on the denominator used to compute earnings per share:

	Three Months Ended		Nine Months Ended	
	September 30, 2007	2006	September 30, 2007	2006
Weighted average shares outstanding	65,682	64,656	65,641	63,968
Effect of nonvested stock awards	(339)	(482)	(408)	(352)
Denominator – basic earnings per share	65,343	64,174	65,233	63,616
Dilutive effect of:				
Stock options	431	1,136	516	1,245
Nonvested stock awards	60	138	112	165
Deemed shares related to deferred compensation arrangements	42	48	39	60
Denominator – diluted earnings per share	65,876	65,496	65,900	65,086

Note 7 – Comprehensive Income

Comprehensive income includes all changes in shareholders' equity during a period, except those resulting from investments by and distributions to shareholders. Comprehensive income includes other comprehensive income (loss) of \$(2,254) and \$458 in the three months ended September 30, 2007 and 2006, respectively, and \$(4,726) and \$619 in the nine months ended September 30, 2007 and 2006, respectively. Other comprehensive income (loss) for all periods presented represents unrealized gain (loss) on marketable securities that are classified as available for sale. Comprehensive income was \$20,289 and \$22,437 for the three months ended September 30, 2007 and 2006, respectively, and \$65,548 and \$79,423 for the nine months ended September 30, 2007 and 2006, respectively.

Note 8 – Contingencies

The Company is currently involved in certain litigation that arises in the ordinary course of business. It is management's opinion that the pending litigation will not materially affect the financial position or results of operations of the Company.

The Company owns a parcel of land that it is ground leasing to a third party developer for the purpose of developing a shopping center. The Company has guaranteed 27% of the third party's construction loan and bond line of credit (the "loans") of which the maximum guaranteed amount is \$31,554. The total amount outstanding at September 30, 2007 on the loans was \$15,616 of which the Company has guaranteed \$4,216. The Company has recorded an obligation of \$315 in the accompanying consolidated balance sheet as of September 30, 2007 to reflect the estimated fair value of the guaranty.

The Company has guaranteed 50% of the debt of Parkway Place L.P., an unconsolidated affiliate in which the Company owns a 45% interest, which owns Parkway Place in Huntsville, AL. The total amount outstanding at September 30, 2007 was \$53,200 of which the Company has guaranteed \$26,600. The guaranty will expire when the related debt matures in June 2008. The Company has not recorded an obligation for this guaranty because it has determined that the fair value of the guaranty is not material.

The Company has guaranteed the performance of York Town Center, LP ("YTC"), an unconsolidated affiliate in which the Company owns a 50% interest, under the terms of an agreement with a third party that will own property adjacent to York Town Center. Under the terms of that agreement, YTC is obligated to cause performance of the third party's obligations as landlord under its lease with its sole tenant, including, but not limited to, provisions such as co-tenancy and exclusivity requirements. Should YTC fail to cause performance, then the tenant under the third party landlord's lease may pursue certain remedies ranging from rights to terminate its lease to receiving reductions in rent. The Company has guaranteed YTC's performance under this agreement up to a maximum of \$22,000, which decreases by \$800 annually until the guaranteed amount is reduced to \$10,000. The guaranty expires on December 31, 2020. The maximum guaranteed obligation was \$21,200 as of September 30, 2007. The Company has entered into an agreement with its joint venture partner under which the joint venture partner has agreed to reimburse the Company 50% of any amounts the Company is obligated to fund under the guaranty. The Company has not recorded an obligation for this guaranty because it has determined that the fair value of the guaranty is not material.

The Company has issued various bonds that it would have to satisfy in the event of non-performance. At September 30, 2007, the total amount outstanding on these bonds was \$23,997.

Note 9 – Share-Based Compensation

The share-based compensation cost that was charged against income was \$1,278 and \$1,470 for the three months ended September 30, 2007 and 2006, respectively, and \$3,476 and \$5,235 for the nine months ended September 30, 2007 and 2006, respectively. Compensation cost capitalized as part of real estate assets was \$206 and \$248 for the three months ended September 30, 2007 and 2006, respectively, and \$597 and \$461 for the nine months ended September 30, 2007 and 2006, respectively.

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The Company's stock option activity for the nine months ended September 30, 2007 is summarized as follows:

		Weighted		Average
	Shares			Exercise Price
Outstanding at January 1, 2007	1,502,720			\$ 14.40
Exercised	(423,545)			13.35
Cancelled	(1,000)			18.27
Expired	(1,000)			12.81
Outstanding at September 30, 2007	1,077,175			14.81
Vested or expected to vest at September 30, 2007	1,077,175			14.81
Options exercisable at September 30, 2007	1,077,175			14.81

A summary of the status of the Company's stock awards as of September 30, 2007, and changes during the nine months ended September 30, 2007, is presented below:

		Weighted		Average Grant-
	Shares			Date Fair Value
Nonvested at January 1, 2007	457,344			\$ 34.35
Granted	48,722			40.61
Vested	(170,654)			34.57
Forfeited	(8,544)			35.95
Nonvested at September 30, 2007	326,868			35.33

As of September 30, 2007, there was \$9,103 of total unrecognized compensation cost related to nonvested stock options and stock awards granted under the plan, which is expected to be recognized over a weighted average period of 3.0 years.

Note 10 – Noncash Investing and Financing Activities

The Company's noncash investing and financing activities were as follows for the nine months ended September 30, 2007 and 2006:

	Nine Months Ended	
	September 30,	
	2007	2006
Additions to real estate assets accrued but not yet paid	\$ 28,149	\$ 40,637
Conversion of minority interest into common stock	—	16,486
Reclassification of developments in progress to mortgage notes receivable	6,528	—

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Note receivable received on sale of land	8,735	1,110
Minority interest issued in acquisition of real estate assets	330	—
Payable for repurchase of Company's common stock	3,775	—

Note 11 – Discontinued Operations

During August 2007, the Company sold Twin Peaks Mall in Longmont, CO to a third party buyer for an aggregate sales price of \$33,600 and recognized a gain on the sale of \$3,971. The net proceeds received from the sale are being held in escrow for intended use in a like-kind exchange. The results of operations of the property and the related gain on the sale are included in discontinued operations for all periods presented in the accompanying consolidated financial statements.

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During May 2006, the Company sold three community centers for an aggregate sales price of \$42,280 and recognized a gain of \$7,215. The Company also sold two community centers in May 2006 for an aggregate sales price of \$63,000 and recognized a loss on impairment of real estate assets of \$274.

Total revenues for the properties included in discontinued operations in the accompanying consolidated statements of operations were \$1,303 and \$4,304 for the three and nine month periods ended September 30, 2007, respectively, and \$1,449 and \$9,469 for the three and nine month periods ended September 30, 2006, respectively.

Note 12 – Income Taxes

The Company has elected taxable REIT subsidiary status for some of its subsidiaries. This enables the Company to receive income and provide services that would otherwise be impermissible for REITs. For these entities, deferred tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of assets and liabilities at the enacted tax rates expected to be in effect when the temporary differences reverse. A valuation allowance for deferred tax assets is provided if the Company believes all or some portion of the deferred tax asset may not be realized. An increase or decrease in the valuation allowance resulting from changes in circumstances that may affect the realizability of the related deferred tax asset is included in income.

The Company recorded an income tax provision of \$2,609 and \$4,360 for the three and nine months ended September 30, 2007, respectively. The provision consists of current tax expense of \$3,240 and a deferred tax benefit of \$631, respectively, for the three months ended September 30, 2007, and a current and deferred tax provision of \$4,135 and \$225, respectively, for the nine months ended September 30, 2007. There was no income tax provision recorded in the three and nine months ended September 30, 2006.

The Company had a net deferred tax asset of \$4,070 at September 30, 2007 and \$4,291 at December 31, 2006. The net deferred tax asset at September 30, 2007 and December 31, 2006 primarily consisted of operating expense accruals and differences between book and tax depreciation.

The Company reports any income tax penalties attributable to its properties as property operating expenses and any corporate-related income tax penalties as general and administrative expenses in its statement of operations. In addition, any interest incurred on tax assessments are reported as interest expense. The Company reported nominal interest and penalty amounts for the three months ended September 30, 2007 and 2006, respectively, and the nine months ended September 30, 2007 and 2006, respectively.

Note 13 – Recent Accounting Pronouncements

On July 13, 2006, the Financial Accounting Standards Board (“FASB”) issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (“FIN 48”), which is effective for fiscal years beginning after December 15, 2006. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with SFAS No.109, *Accounting for Income Taxes*, by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition.

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The Company adopted FIN 48 as of January 1, 2007 and has analyzed its various federal and state filing positions. Based on this evaluation, the Company believes that its accruals for income tax liabilities are adequate and, therefore, no reserves for uncertain income tax positions have been recorded pursuant to FIN 48. Additionally, the Company did not record a cumulative effect adjustment related to the adoption of FIN 48.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a framework that clarifies the fair value measurement objective within

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GAAP and its application under the various pronouncements that require or permit fair value measurements, and expands disclosures about fair value measurements. It is intended to increase consistency and comparability among fair value estimates used in financial reporting. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The transition adjustment, which is measured as the difference between the carrying amount and the fair value of those financial instruments at the date SFAS No. 157 is initially applied, should be recognized as a cumulative effect adjustment to the opening balance of retained earnings for the fiscal year in which SFAS No. 157 is initially applied. The provisions of SFAS No. 157 are effective for the Company beginning January 1, 2008. The Company is currently evaluating the impact of adopting SFAS No. 157 on its financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007, although early application is allowed. The Company is currently evaluating the impact of adopting SFAS No. 159 on its financial position and results of operations.

Note 14 – Subsequent Events

The Company closed on two separate transactions with the Westfield Group (“Westfield”) on October 16, 2007, involving four malls located in the St. Louis, MO area. In the first transaction, Westfield contributed three malls to a Company-controlled joint venture (the “JV”), and the Company contributed six malls and three associated centers. In the second transaction, the Company directly acquired the fourth mall, Chesterfield Mall, from Westfield. The total value of the three malls contributed to the JV by Westfield plus the mall that was directly acquired by the Company is approximately \$1,031,765. The Company, either independently or through the JV, assumed total debt of approximately \$458,182 with a weighted average fixed interest rate of 5.73% secured by the four Westfield malls and paid approximately \$161,791 in cash, excluding closing costs. In addition, Westfield received approximately \$404,112 of perpetual preferred joint venture units (“PJV units”) of the JV.

The PJV units of the JV pay an annual preferred distribution at a rate of 5.0%. The Company will have the right, but not the obligation, to purchase the PJV units following the fifth anniversary of the closing at liquidation value, plus accrued and unpaid distributions. The Company is responsible for management and leasing of the JV’s properties and owns all of the common units of the JV, entitling it to receive 100% of the JV’s cash flow after operating expenses, debt service payments and PJV unit distributions.

In 2003, the Company formed Galileo America, a joint venture with Galileo America, Inc., the U.S. affiliate of Australia-based Galileo America Shopping Trust, to invest in community centers throughout the United States. In 2005, the Company transferred all of its ownership interest in the joint venture to Galileo America. In conjunction with this transfer, the Company sold its management and advisory contracts with Galileo America to New Plan Excel Realty Trust, Inc. (“New Plan”). New Plan retained the Company to manage nine properties that Galileo America had recently acquired from a third party for a term of 17 years beginning on August 10, 2008 and agreed to pay the Company a management fee of \$1,000 per year. In October 2007, the Company received notification that New Plan had determined to exercise its right to terminate the management agreement by paying the Company a termination fee of \$7,000, payable on August 10, 2008. The Company will recognize the \$7,000 as income, which will be offset by related income tax expense of approximately \$2,660, in the fourth quarter of 2007.

In November 2007, the Company announced that it has agreed to form a joint venture with Tenco Realty (“Tenco”), a retail owner, operator and developer based in Belo Horizonte, Brazil, to develop, redevelop and

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acquire shopping center properties in Brazil. The Company will initially invest a total of approximately \$15,332 to acquire a 60% interest in a new retail development in Macaé, Brazil. The 220,000-square-foot project, Plaza Macaé, is currently under construction with a grand opening scheduled for summer 2008. Tenco will develop and manage the center. Cash flows will be distributed on a pari passu basis between the partners. In addition, CBL will have the opportunity to purchase a minimum 51% interest in any future Tenco Realty developments.

ITEM 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the consolidated financial statements and accompanying notes that are included in this Form 10-Q. In this discussion, the terms "we", "us", "our", and the "Company" refer to CBL & Associates Properties, Inc. and its subsidiaries.

Certain statements made in this section or elsewhere in this report may be deemed "forward looking statements" within the meaning of the federal securities laws. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that these expectations will be attained, and it is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties. In addition to the risk factors described in Part II, Item 1A. of this report, such risks and uncertainties include, without limitation, general industry, economic and business conditions, interest rate fluctuations, costs of capital and capital requirements, availability of real estate properties, inability to consummate acquisition opportunities, competition from other companies and retail formats, changes in retail rental rates in the Company's markets, shifts in customer demands, tenant bankruptcies or store closings, changes in vacancy rates at our properties, changes in operating expenses, changes in applicable laws, rules and regulations, the ability to obtain suitable equity and/or debt financing and the continued availability of financing in the amounts and on the terms necessary to support our future business. We disclaim any obligation to update or revise any forward-looking statements to reflect actual results or changes in the factors affecting the forward-looking information.

EXECUTIVE OVERVIEW

We are a self-managed, self-administered, fully integrated real estate investment trust ("REIT") that is engaged in the ownership, development, acquisition, leasing, management and operation of regional shopping malls, open-air centers and community centers. Our shopping center properties are located in 26 states, but primarily in the southeastern and midwestern United States.

As of September 30, 2007, we owned controlling interests in 72 regional malls/open-air centers, 28 associated centers (each adjacent to a regional shopping mall), four community centers and our corporate office building. We consolidate the financial statements of all entities in which we have a controlling financial interest or where we are the primary beneficiary of a variable interest entity. As of September 30, 2007, we owned non-controlling interests in seven regional malls, four associated centers and two community centers. Because one or more of the other partners have substantive participating rights we do not control these partnerships and joint ventures and, accordingly, account for these investments using the equity method. We had five mall expansions, three associated/lifestyle centers, one mixed-use center, three community centers and an office building under construction at September 30, 2007. We also hold options to acquire certain development properties owned by third parties.

The majority of our revenues is derived from leases with retail tenants and generally includes base minimum rents, percentage rents based on tenants' sales volumes and reimbursements from tenants for expenditures, including property operating expenses, real estate taxes and maintenance and repairs, as well as certain capital expenditures. We also generate revenues from sales of outparcel land at the properties and from sales of operating real estate assets when it is determined that we can realize the maximum value of the assets. Proceeds from such sales are generally used to pay off related construction

loans or reduce borrowings on our credit facilities.

RESULTS OF OPERATIONS

The following significant transactions impact the comparison of the results of operations for the three months and nine months ended September 30, 2007 to the results of operations for the comparable periods ended September 30, 2006:

- We have opened two associated centers and five community centers since January 1, 2006 (collectively referred to as the “New Properties”). We do not consider a property to be one of the Comparable Properties (defined below) until the property has been owned or open for one complete calendar year. The New Properties are as follows:

Property	Location	Date Opened
The Plaza at Fayette Mall	Lexington, KY	October 2006
High Pointe Commons (50/50 joint venture)	Harrisburg, PA	October 2006
Lakeview Pointe	Stillwater, OK	October 2006
The Shops at Pineda Ridge	Melbourne, FL	November 2006
The Shoppes at St. Clair Square	Fairview Heights, IL	March 2007
Alamance Crossing East	Burlington, NC	August 2007
York Town Center (50/50 joint venture)	York, PA	September 2007

- Properties that were in operation as of January 1, 2006 and September 30, 2007 are referred to as the “Comparable Properties.”

Comparison of the Three Months Ended September 30, 2007 to the Three Months Ended September 30, 2006

Revenues

The \$6.2 million increase in revenues resulted from an increase of \$5.2 million attributable to the revenues from the Comparable Properties, an increase of \$2.6 million in revenues from the New Properties, an increase in management, development and leasing fees of \$0.2 million and a decrease in other revenues of \$1.8 million related to the Company’s subsidiary that provides security and maintenance services to third parties.

The increase in revenues of the Comparable Properties is attributable to increases in rental income and tenant reimbursements for real estate taxes and common area maintenance. The increase was offset by a reduction of \$4.8 million in lease termination fee income as compared to the prior year quarter. Additionally, as a result of revisions that were made in the prior year quarter to the depreciable lives of certain acquired assets, revenues for the three months ended September 30, 2007 related to the amortization of above and below market leases was \$1.7 million less than the corresponding amount for the prior year quarter.

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Our cost recovery ratio increased to 105.0% compared to 102.4% for the prior year period. As we continue to convert more tenants to fixed common area maintenance arrangements, fluctuations in tenant reimbursements will not correlate as closely with fluctuations in the corresponding expenses as they do with pro rata common area maintenance charges. As a result, there may be more variability in our cost recovery ratio from period to period.

Although we experienced an increase in rental income and tenant reimbursements as compared to the prior year quarter, the amount of the increase was less than we had anticipated for both the Comparable Properties and the New Properties. This was due to tenants not opening at several expansions of Comparable Properties and at New Properties as early as we had expected during the three months

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ended September 30, 2007. Additionally, at Alamance Crossing East, which is one of the New Properties, certain tenants are not yet paying full rent as the co-tenancy requirements of their leases will not be met until early 2008.

Expenses

The \$4.4 million increase in property operating expenses, including real estate taxes and maintenance and repairs, resulted from increases of \$3.7 million from the Comparable Properties and \$0.7 million attributable to the New Properties. The increase in property operating expenses is primarily attributable to increases in real estate taxes as a result of prior year tax settlements and increased assessments on certain properties.

The \$3.2 million decrease in depreciation and amortization expense resulted from a decrease of \$4.4 million from the Comparable Properties, partially offset by an increase of \$1.2 million from the New Properties. The decrease in depreciation and amortization of the Comparable Properties is due to revisions in the prior year quarter to the depreciable lives of certain acquired assets which resulted in an increase in depreciation and amortization expense in the prior year quarter.

General and administrative expenses decreased \$1.1 million due to a \$0.7 million increase in capitalized overhead and a decrease in current federal tax expense of \$0.4 million.

Other Income and Expenses

Interest and other income was \$2.0 million for each of the three months ended September 30, 2007 and 2006.

Interest expense increased by \$8.9 million due to additional debt associated with the New Properties, the refinancing of certain existing properties with increased principal amounts and borrowings used to redeem our Series B preferred stock on June 28, 2007. In addition, we experienced an increase in the weighted average interest rate of our variable-rate debt as compared to the prior year quarter.

We recorded a loss on extinguishment of debt of \$0.9 million during the three months ended September 30, 2006, as a result of retiring two loans prior to their scheduled maturity dates. The loss on extinguishment consisted of prepayment fees of \$0.6 million and the write-off of unamortized deferred financing costs of \$0.3 million. There was no loss on extinguishment of debt for the three months ended September 30, 2007.

Gain on Sales

Gain on sales of real estate assets of \$4.4 million in the three months ended September 30, 2007 relates to the sale of four parcels of land. Gain on sales of real estate assets of \$3.9 million in the three months ended September 30, 2006 relates to the sale of three parcels of land.

Equity in Earnings of Unconsolidated Affiliates

Equity in earnings of unconsolidated affiliates increased \$0.5 million during the three months ended September 30, 2007 as compared to the prior year quarter primarily due to improved operating performance of certain unconsolidated joint venture properties.

Income Tax Provision

The income tax provision of \$2.6 million for the three months ended September 30, 2007 relates to the earnings of our taxable REIT subsidiary and consists of a provision for current income taxes of \$3.3 million, which is partially offset by a deferred income tax benefit of \$0.7 million. There was no income

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tax provision for the three months ended September 30, 2006.

Discontinued Operations

We recognized gain and income from discontinued operations of \$4.7 million for the three months ended September 30, 2007, compared to \$0.1 million of gain and income from discontinued operations for the three months ended September 30, 2006. Discontinued operations in the three months ended September 30, 2007 and 2006 reflects the results of operations of Twin Peaks Mall in Longmont, CO, which was sold during the third quarter of 2007, plus the true up of estimated expenses to actual amounts for properties sold during previous periods.

Comparison of the Nine Months Ended September 30, 2007 to the Nine Months Ended September 30, 2006

Revenues

The \$22.7 million increase in revenues resulted from an increase of \$16.1 million attributable to the revenues from the Comparable Properties, an increase of \$6.5 million in revenues from the New Properties, and an increase in management, development and leasing fees of \$2.6 million. Partially offsetting these increases was a decrease in other income of \$2.5 million related to the Company's subsidiary that provides security and maintenance services to third parties.

The increase in revenues of the Comparable Properties is primarily attributable to increases in rental income and tenant reimbursements for real estate taxes and common area maintenance. The increase was offset by a reduction of \$7.1 million in lease termination fee income as compared to the prior year quarter. Additionally, as a result of revisions that were made in the prior year quarter to the depreciable lives of certain acquired assets, revenues for the nine months ended September 30, 2007 related to the amortization of above and below-market leases was \$1.7 million less than the corresponding amount for the prior year period.

Our cost recovery ratio declined to 102.1% compared to 104.3% for the prior year period. As we continue to convert more and more tenants to fixed common area maintenance arrangements, fluctuations in tenant reimbursements will not correlate as closely with fluctuations in the corresponding expenses as they do with pro rata common area maintenance charges. As a result, there may be more variability in our cost recovery ratio from period to period. In addition, the year-to-date decline is partially due to higher than expected snow removal costs incurred by the Company in the first quarter of 2007 and increases in bad debt expense.

Although we experienced an increase in rental income and tenant reimbursements as compared to the prior year period, the amount of the increase was less than we had anticipated for both the Comparable Properties and the New Properties. This was due to tenants not opening at several expansions of Comparable Properties and at New Properties as early as we had expected. Additionally, at Alamance Crossing East, which is one of the New Properties, certain tenants are not yet paying full rent as the co-tenancy requirements of their leases will not be met until early 2008.

Expenses

The \$13.7 million increase in property operating expenses, including real estate taxes and maintenance and repairs, resulted from increases of \$12.3 million from the Comparable Properties and \$1.4 million attributable to the New Properties. The increase in property operating expenses includes a \$2.3 million increase in bad debt expense that resulted from bad debt expense of \$1.3 million in the nine months ended September 30, 2007 compared to a net recovery of \$1.0 million in the nine months ended September 30, 2006. We also incurred increased real estate taxes of \$5.5 million as a result of prior year

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tax settlements and increased assessments on certain properties and increased snow removal costs of \$1.3 million during the nine months ended September 30, 2007 as compared to the prior year period.

The \$5.5 million increase in depreciation and amortization expense resulted from increases of \$3.1 million from the Comparable Properties and \$2.4 million from the New Properties. The increase in depreciation and amortization of the Comparable Properties is due to ongoing capital expenditures for renovations, expansions, tenant allowances and deferred maintenance and for the write-off of certain tenant allowances related to early lease terminations.

General and administrative expenses increased \$1.0 million due to annual increases in salaries and benefits of existing personnel and the addition of new personnel to support our growth.

Other Income and Expenses

Interest and other income for the nine months ended September 30, 2007 increased primarily due to a fee of \$1.0 million related to the grant of an access and utilities easement at one of our properties.

Interest expense increased by \$16.3 million due to the additional debt associated with the New Properties, the refinancing of certain existing properties with increased principal amounts and borrowings used to redeem our Series B preferred stock on June 28, 2007. In addition, the weighted average interest rate of our variable-rate debt increased to 6.33% as of September 30, 2007 compared to 6.25% as of September 30, 2006.

During the nine months ended September 30, 2007, we recorded a loss on extinguishment of debt of \$0.2 million as a result of prepayment fees related to a loan that we retired prior to its scheduled maturity date. We recorded a loss on extinguishment of debt of \$0.9 million during the nine months ended September 30, 2006, as a result of retiring two loans prior to their scheduled maturity dates. The loss on extinguishment consisted of prepayment fees of \$0.6 million and the write-off of unamortized deferred financing costs of \$0.3 million.

Gain on Sales

Gain on sales of real estate assets of \$10.6 million in the nine months ended September 30, 2007 relates to the sale of ten parcels of land, while the gain of \$6.8 million in the nine months ended September 30, 2006 relates to the sale of six outparcels.

Equity in Earnings of Unconsolidated Affiliates

Equity in earnings of unconsolidated affiliates decreased \$1.0 million to \$2.8 million for the three months ended September 30, 2007 as compared to \$3.8 million for the prior year period. The decrease is primarily due to a lower level of outparcel sales at certain unconsolidated

affiliates as compared to the prior year period.

Income Tax Provision

The income tax provision of \$4.4 million for the nine months ended September 30, 2007, relates to the earnings of our taxable REIT subsidiary and consists of provisions for current and deferred income taxes of \$4.2 million and \$0.2 million, respectively. We have cumulative stock-based compensation deductions that may be used to offset the current income tax payable of \$4.2 million; therefore, we reduced the payable for current period income taxes to zero by recognizing a portion of the benefit of the cumulative stock-based compensation deductions. There was no income tax provision for the nine months ended September 30, 2006.

Discontinued Operations

We recognized gain and income from discontinued operations of \$5.2 million for the nine months ended September 30, 2007, which represents a decline of \$5.9 million from the \$11.1 million of gain and income from discontinued operations that we recognized during the nine months ended September 30, 2006. Discontinued operations in the nine months ended September 30, 2007 and 2006 reflects the results of operations of Twin Peaks Mall which was sold in the third quarter of 2007, plus the true up of estimated expenses to actual amounts for properties sold during previous periods. Discontinued operations in the nine months ended September 30, 2006 also reflects the results of operations and gain on disposal of five community centers that were sold in May 2006.

Operational Review

The shopping center business is, to some extent, seasonal in nature with tenants achieving the highest levels of sales during the fourth quarter because of the holiday season. Additionally, the malls earn most of their "temporary" rents (rents from short-term tenants), during the holiday period. Thus, occupancy levels and revenue production are generally the highest in the fourth quarter of each year. Results of operations realized in any one quarter may not be indicative of the results likely to be experienced over the course of the fiscal year.

We classify our regional malls into two categories – malls that have completed their initial lease-up are referred to as stabilized malls and malls that are in their initial lease-up phase and have not been open for three calendar years are referred to as non-stabilized malls. The non-stabilized malls currently include Coastal Grand-Myrtle Beach in Myrtle Beach, SC, which opened in March 2004; Imperial Valley Mall in El Centro, CA, which opened in March 2005; Southaven Towne Center in Southaven, MS, which opened in October 2005; and Gulf Coast Town Center in Ft. Myers, FL, which opened in November 2005.

We derive a significant amount of our revenues from the mall properties. The sources of our revenues by property type were as follows:

	Nine Months Ended		
	September 30,		
	2007	2006	
Malls	91.8	% 92.5	%
Associated centers	4.3	% 3.9	%
Community centers	1.0	% 0.8	%
Mortgages, office building and other	2.9	% 2.8	%

Sales and Occupancy Costs

Same store sales (for those tenants who occupy 10,000 square feet or less and have reported sales) increased 1.2% for the nine months ended September 30, 2007 compared to the prior year period. For the trailing twelve months ended September 30, 2007, same store sales increased 1.5% to \$345 per square foot compared with \$340 per square foot for the prior year period.

Occupancy costs as a percentage of sales for the stabilized malls were 13.7% for the nine months ended September 30, 2007 compared to 13.4% for the nine months ended September 30, 2006.

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Occupancy

The occupancy of the portfolio was as follows:

	At September 30,			
	2007		2006	
Total portfolio	92.4	%	92.6	%
Total mall portfolio	92.8	%	92.3	%
Stabilized malls	93.2	%	92.4	%
Non-stabilized malls	85.8	%	90.7	%
Associated centers	92.0	%	94.9	%
Community centers	85.5	%	88.3	%

Timing delays at some of the New Properties have impacted occupancy for the non-stabilized malls and the community centers, which has affected total occupancy. At High Pointe Commons, the anchors have opened but many of the stores are still in the process of taking occupancy. At Gulf Coast Town Center, several stores have encountered delays in receiving building permits due to the lengthy process time involved in that geographic area. Occupancy for these two properties was approximately 80.4% and 74.0%, respectively, as of September 30, 2007. Alamance Crossing opened in August 2007 with occupancy of 69.4% at September 30, 2007; however, it is 95% leased and committed. Although York Town Center is over 98% leased and committed, it opened in September 2007 with occupancy of 67.9%. In addition, the lifestyle center developments generally open in staggered phases, reflecting initial lower occupancy rates, as compared to mall properties in which a greater number of tenants are typically open as of a mall's grand opening date.

Leasing

During the second quarter of 2007, the Company revised its lease reporting focus to small shop spaces less than 10,000 square feet in comparison to the previous reporting on spaces less than 20,000 square feet. This change allows for greater consistency and comparability with the data reported by our peers in the retail real estate industry.

Average annual base rents per square foot for small shop spaces less than 10,000 square feet were as follows for each property type:

	At September 30,	
	2007	2006
Stabilized malls	\$ 27.99	\$ 27.53
Non-stabilized malls	26.88	27.75
Associated centers	11.74	10.78
Community centers	14.47	16.68
Office	19.53	19.47

The following table presents the results we achieved in new and renewal leasing during the three and nine months ended September 30, 2007 for same small shop spaces less than 10,000 square feet:

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	Square Feet	Prior Gross	New Initial	New		% Change Initial	% Change Average	
		Rent Per Square	Gross Rent Per Square	Average Gross Rent Per Square	Foot (3)			
Quarter:		Foot (1)	Foot (2)					
All Property Types	557,025	\$ 35.76	\$ 37.35	4.4	%	\$ 38.34	7.2	%
Stabilized malls	513,303	37.28	38.90	4.3	%	39.91	7.1	%
New leases	214,293	40.08	43.07	7.5	%	44.42	10.8	%
Renewal leases	299,010	35.27	35.92	1.8	%	36.68	4.0	%
Year to Date:								
All Property Types	2,092,954	\$ 34.09	\$ 36.56	7.2	%	\$ 37.32	9.5	%
Stabilized malls	1,947,202	35.30	37.93	7.5	%	38.68	9.6	%
New leases	736,242	37.36	44.22	18.4	%	45.51	21.8	%
Renewal leases	1,210,960	34.05	34.10	0.1	%	34.54	1.4	%

- (1) Represents the gross rent that was in place at the end of the lease term.
- (2) Represents the gross rent in place at beginning of the lease term.
- (3) Average gross rent over the term of the new lease. Does not incorporate future annual increases for common area maintenance expense reimbursements.

During the third quarter of 2007, on an overall leasing basis, we signed leases totaling approximately 1.2 million square feet, including approximately 0.6 million square feet of development leasing and 0.6 million square feet of leases in our operating portfolio. The 0.6 million square feet was comprised of 0.3 million square feet of new leases and 0.3 million square feet of renewal leases. This compares with a total of 1.0 million square feet of leases signed in the third quarter of 2006, including 0.3 million square feet of development leasing and 0.7 million square feet completed in the operating portfolio. Of the 0.7 million square feet in the operating portfolio, 0.3 million square feet were new leases and 0.4 million square feet were renewals.

LIQUIDITY AND CAPITAL RESOURCES

There was \$48.9 million of cash and cash equivalents and \$33.2 million cash held in escrow as of September 30, 2007, an aggregate increase of \$53.4 million compared to cash and cash equivalents of \$28.7 million at December 31, 2006. The cash held in escrow as of September 30, 2007, represents the proceeds from the sale of Twin Peaks Mall in August 2007 and is intended for use in a like-kind exchange. There was no cash held in escrow as of December 31, 2006. Cash flows from operations are used to fund short-term liquidity and capital needs such as tenant construction allowances, capital expenditures and payments of dividends and distributions. For longer-term liquidity needs such as acquisitions, new developments, renovations and expansions, we typically rely on property specific mortgages (which are generally non-recourse), construction and term loans, revolving lines of credit, common stock, preferred stock, joint venture investments and a minority interest in the Operating Partnership.

Cash Flows

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Cash provided by operating activities during the nine months ended September 30, 2007, increased by \$41.2 million to \$309.8 million from \$268.6 million during the nine months ended September 30, 2006. This increase is primarily due to the timing of amounts that were retained in accounts payable at September 30, 2007, in addition to the timing of cash receipts from collections of tenant and other receivables prior to the end of the third quarter.

Debt

During the nine months ended September 30, 2007, we borrowed \$825.3 million under mortgage and other notes payable and paid \$331.8 million to reduce outstanding borrowings under our lines of

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credit and repay certain mortgage notes payable. We paid \$5.0 million of costs directly related to borrowings and our credit facilities, as well as \$0.2 million in prepayment fees related to the retirement of a loan before its scheduled maturity date.

The following tables summarize debt based on our pro rata ownership share (including our pro rata share of unconsolidated affiliates and excluding minority investors' share of shopping center properties) because we believe this provides investors a clearer understanding of our total debt obligations (in thousands):

	Consolidated	Minority Interests	Unconsolidated Affiliates	Total	Weighted Average Interest Rate(1)	
September 30, 2007:						
Fixed-rate debt:						
Non-recourse loans on operating properties	\$ 4,049,524	\$ (119,797)	\$ 219,032	\$ 4,148,759	5.92	%
Variable-rate debt:						
Recourse term loans on operating properties	75,221	(288)	42,074	117,007	6.58	%
Construction loans	34,589	—	—	34,589	6.78	%
Lines of credit	892,932	—	—	892,932	6.28	%
Total variable-rate debt	1,002,742	(288)	42,074	1,044,528	6.33	%
Total	\$ 5,052,266	\$ (120,085)	\$ 261,106	\$ 5,193,287	6.00	%
December 31, 2006:						
Fixed-rate debt:						
Non-recourse loans on operating properties	\$ 3,517,710	\$ (56,612)	\$ 218,203	\$ 3,679,301	5.97	%
Variable-rate debt:						
Recourse term loans on operating properties	101,464	—	27,816	129,280	6.46	%
Construction loans	114,429	—	—	114,429	6.61	%
Lines of credit	830,932	—	—	830,932	6.19	%
Total variable-rate debt	1,046,825	—	27,816	1,074,641	6.27	%
Total	\$ 4,564,535	\$ (56,612)	\$ 246,019	\$ 4,753,942	6.03	%

(1) Weighted average interest rate including the effect of debt premiums, but excluding amortization of deferred financing costs.

We have four secured credit facilities with total availability of \$662.2 million, of which \$609.7 million was outstanding as of September 30, 2007. The secured credit facilities bear interest at a rate of LIBOR plus a margin ranging from 0.80% to 0.90%. Borrowings under the secured lines of credit had a weighted average interest rate of 6.16% at September 30, 2007.

In September 2007, we amended the largest secured credit facility to increase the maximum availability from \$476.0 million to \$525.0 million and to substitute certain collateral under the facility. We also pay a fee based on the amount of unused availability under this secured credit facility at a rate of 0.125% or 0.250%, depending on the level of unused availability.

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We have an unsecured credit facility with total availability of \$560.0 million, of which \$283.2 million was outstanding as of September 30, 2007. The unsecured credit facility bears interest at LIBOR plus a margin of 0.75% to 1.20% based on our leverage. The credit facility matures in August 2008 and has three one-year extension options, which are at our election. At September 30, 2007, the outstanding borrowings under the unsecured credit facility had a weighted average interest rate of 6.53%. Additionally, the Company pays an annual fee equal to 0.1% of the amount of total availability under the unsecured credit facility.

We also have secured and unsecured lines of credit with total availability of \$40.5 million that are used only to issue letters of credit. There was \$31.2 million outstanding under these lines at September 30, 2007.

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During the second quarter of 2007, we obtained two separate ten-year, non-recourse loans totaling \$207.5 million that bear interest at fixed rates ranging from 5.60% to 5.66%, with a weighted average of 5.61%. The loans are secured by Gulf Coast Town Center and Eastgate Crossing. The proceeds were used to retire two variable rate loans totaling \$143.3 million and to reduce outstanding balances on the Company's credit facilities.

During the first quarter of 2007, we obtained six separate ten-year, non-recourse loans totaling \$417.0 million that bear interest at fixed rates ranging from 5.67% to 5.68%, with a weighted average of 5.67%. The loans are secured by Mall of Acadiana, Citadel Mall, The Plaza at Fayette Mall, Layton Hills Mall and its associated center, Hamilton Corner and The Shoppes at St. Clair Square. The proceeds were used to retire \$92.1 million of mortgage notes payable that were scheduled to mature during the next twelve months and to pay outstanding balances on our credit facilities. The mortgage notes payable that were retired consisted of two variable rate term loans totaling \$51.8 million and three fixed rate loans totaling \$40.3 million. The Company recorded a loss on extinguishment of debt of \$0.2 million related to prepayment fees and the write-off of unamortized deferred financing costs associated with the loans that were retired.

The refinancings described in the preceding paragraph enabled us to significantly reduce our exposure to variable-rate debt. As of September 30, 2007, our share of consolidated and unconsolidated variable-rate debt represented 20.1% of our total share of debt, which was down from 22.6% as of December 31, 2006. As of September 30, 2007, our share of consolidated and unconsolidated variable-rate debt represented 10.9% of our total market capitalization (see Equity below) as compared to 10.6% as of December 31, 2006.

The secured and unsecured credit facilities contain, among other restrictions, certain financial covenants including the maintenance of certain coverage ratios, minimum net worth requirements, and limitations on cash flow distributions. We were in compliance with all financial covenants and restrictions under our credit facilities at September 30, 2007.

We expect to refinance the majority of mortgage and other notes payable maturing over the next five years with replacement loans. Based on our pro rata share of total debt, there are seven loans and two lines of credit totaling \$624.3 million that are scheduled to mature before September 30, 2008. We expect to retire or refinance these loans.

Equity

On August 2, 2007, the Company's Board of Directors approved a \$100 million common stock repurchase plan effective for twelve months. Under the August 2007 plan, purchases of shares of the Company's common stock may be made from time to time, subject to market conditions and at prevailing market prices, through open market purchases. Any stock repurchases are to be funded through the Company's available cash and credit facilities. The Company is not obligated to repurchase any shares of stock under the plan and the Company may terminate the plan at any time. Repurchased shares are deemed retired and are, accordingly, cancelled and no longer considered issued. During the three months ended September 30, 2007, the Company repurchased 148,500 shares at a cost of approximately \$5,169. The cost of repurchased shares is recorded as a reduction in the respective components of shareholders' equity.

On June 28, 2007, we redeemed the 2,000,000 outstanding shares of our 8.75% Series B Cumulative Redeemable Stock (the "Series B Preferred Stock") for \$100.0 million, representing a liquidation preference of \$50.00 per share, plus accrued and unpaid dividends of \$2.1 million. In connection with the redemption of the Series B Preferred Stock, we recorded a charge of \$3.6 million to write off direct issuance costs that were recorded as a reduction of additional paid-in capital when the

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Series B Preferred Stock was issued. The charge is included in preferred dividends in the accompanying consolidated statements of operations for the nine month period ended September 30, 2007.

During the nine months ended September 30, 2007, we received \$5.9 million in proceeds from issuances of common stock related to exercises of employee stock options and from our dividend reinvestment plan. In addition, we paid dividends of \$120.0 million to holders of our common stock and our preferred stock, as well as \$86.7 million in distributions to the minority interest investors in our Operating Partnership and certain shopping center properties.

During the nine months ended September 30, 2007, holders of 220,670 special common units of limited partnership interest in the Operating Partnership exercised their conversion rights. We elected to pay cash of \$9,423 in exchange for the special common units. All of these units were redeemed during the first six months of 2007.

As a publicly traded company, we have access to capital through both the public equity and debt markets. We currently have a shelf registration statement on file with the Securities and Exchange Commission authorizing us to publicly issue shares of preferred stock, common stock and warrants to purchase shares of common stock. There is no limit to the offering price or number of shares that we may issue under this shelf registration statement.

We anticipate that the combination of equity and debt sources will, for the foreseeable future, provide adequate liquidity to continue our capital programs substantially as in the past and make distributions to our shareholders in accordance with the requirements applicable to real estate investment trusts.

Our strategy is to maintain a conservative debt-to-total-market capitalization ratio in order to enhance our access to the broadest range of capital markets, both public and private. Based on our share of total consolidated and unconsolidated debt and the market value of equity, our debt-to-total-market capitalization (debt plus market value equity) ratio was as follows at September 30, 2007 (in thousands, except stock prices):

	Shares	Stock	
	Outstanding	Price (1)	Value
Common stock and operating partnership units	116,348	\$ 35.05	\$ 4,077,997
7.75% Series C cumulative redeemable preferred stock	460	250.00	115,000
7.375% Series D cumulative redeemable preferred stock	700	250.00	175,000
Total market equity			4,367,997
Company's share of total debt			5,193,287
Total market capitalization			\$ 9,561,284
Debt-to-total-market capitalization ratio			54.3 %

- (1) Stock price for common stock and operating partnership units equals the closing price of the common stock on September 28, 2007. The stock price for the preferred stock represents the liquidation preference of each respective series of preferred stock.

Capital Expenditures

We expect to continue to have access to the capital resources necessary to expand and develop our business. Future development and acquisition activities will be undertaken as suitable opportunities arise. We do not expect to pursue these opportunities unless adequate sources of funding are available and a satisfactory budget with targeted returns on investment has been internally approved.

An annual capital expenditures budget is prepared for each property that is intended to provide for all necessary recurring and non-recurring capital expenditures. We believe that property operating cash flows, which include reimbursements from tenants for certain expenses, will provide the necessary funding for these expenditures.

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The following tables summarize our development projects as of September 30, 2007 (dollars in thousands):

Properties Opened Year-to-date

Property	Location	Total Project Square Feet	CBL's Share of		Date Opened	Initial Yield (d)	
			Total Cost	Cost To Date			
Mall Expansion:							
Brookfield Square - Mitchell's Fish Market	Brookfield, WI	7,500	\$ 3,044	\$ 2,964	April 2007	8.4	%
Southpark Mall - Regal Cinema	Colonial Heights, VA	68,242	11,322	11,322	July 2007	11.0	%
The District at Valley View - shops	Roanoke, VA	61,200	18,026	16,576	July 2007	7.6	%
Brookfield Square - Fresh Market	Brookfield, WI	22,400	4,960	4,960	August 2007	7.6	%
Harford Mall - lifestyle expansion	Bel Air, MD	39,222	(b) 9,736	7,119	September 2007	6.1	%
Community/Open-Air Centers:							
Alamance Crossing East	Burlington, NC	655,630	79,950	79,939	August 2007	8.4	%
York Town Center (c)	York, PA	274,495	21,085	16,518	September 2007	9.8	%
Open-Air Center Expansion:							
Gulf Coast Town Center -Phase II-shops/Costco (a)	Ft. Myers, FL	595,990	83,286	83,286	Spring 2007	9.2	%
Associated Center:							
The Shoppes at St. Clair Square	Fairview Heights, IL	84,080	27,487	31,746	March 2007	7.0	%
Associated Center Renovation:							
Madison Plaza	Huntsville, AL	153,085	1,320	1,320	June 2007	N/A	
Redevelopments:							
Mall del Norte - Theater	Laredo, TX	82,500	14,403	10,299	Spring 2007	7.4	%
Westgate Mall - Former Proffits	Spartanburg, SC	153,000	N/A	N/A	August 2007	N/A	
		2,177,184	\$ 274,619	\$ 237,477			

Announced Property Renovations and Redevelopments

Property	Location	Total Project Square	CBL's Share of		Date Opened	Initial Yield (d)
			Total Cost	Cost To Date		

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		Feet						
Mall Renovations:								
Brookfield Square	Brookfield, WI	1,132,984	\$ 18,100	\$ 2,751	Fall 2007	N/A		
Georgia Square	Athens, GA	674,738	16,900	5,146	Spring 2008	N/A		
Mall del Norte	Laredo, TX	1,207,687	20,400	18,810	Fall 2007	N/A		
Honey Creek Mall	Terre Haute, IN	678,763	5,600	4,319	Fall 2007	N/A		
Redevelopments:								
Parkdale Mall - Former Dillard's (Phase I)	Beaumont, TX	50,720	14,720	8,062	Fall 2007	4.1	%	
Northpark Mall - Former Wards	Joplin, MO	90,688	9,750	7,327	October 2007	7.8	%	
Columbia Place - Former JCPenney	Columbia, SC	124,819	12,831	11,512	Fall 2007	7.0	%	
		3,960,399	\$ 98,301	\$ 57,927				

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Properties Under Development at September 30, 2007

Property	Location	Project Square Feet	CBL's Share of		Date Opened	Initial Yield (d)	
			Total Cost	Cost To Date			
Mall Expansions:							
Brookfield Square - Claim Jumpers	Brookfield, WI	12,000	\$ 3,430	\$ 282	Fall 2008	11.9	%
The District at CherryVale	Rockford, IL	84,541	21,099	14,162	Fall 2007	7.4	%
Coastal Grand - Old Navy	Myrtle Beach, SC	23,269	1,813	736	October 2007	7.9	%
Coastal Grand - JCPenney	Myrtle Beach, SC	103,395	N/A	N/A	Spring 2008	N/A	
Coastal Grand - Ulta Cosmetics	Myrtle Beach, SC	10,000	1,449	794	Spring 2008	8.7	%
Cary Towne Center - Mimi's Café	Cary, NC	6,674	2,243	893	Spring 2008	15.0	%
Southpark Mall - Foodcourt	Colonial Heights, VA	17,150	4,188	849	Spring 2008	11.0	%
Associated/Lifestyle Centers:							
Milford Marketplace	Milford, CT	105,638	25,729	15,372	October 2007	8.3	%
Imperial Valley Commons (Phase I) (e)	El Centro, CA	610,966	11,471	15,434	Fall 2008/ Summer 2009	8.1	%
Brookfield Square - Corner Development	Brookfield, WI	19,745	8,372	1,229	Fall 2008	8.0	%
Office:							
CBL Center II	Chattanooga, TN	74,598	17,120	7,564	January 2008	8.6	%
Mixed-Use Center:							
Pearland Town Center (Retail Portion)	Pearland, TX	694,417	160,248	70,802	Fall 2008	7.4	%
Pearland Town Center (Hotel Portion)	Pearland, TX	72,500	17,886	476	Fall 2008	8.3	%
Pearland Town Center (Residential Portion)	Pearland, TX	68,110	11,312	431	Fall 2008	8.4	%
Pearland Town Center (Office Portion)	Pearland, TX	51,560	9,385	302	Fall 2008	8.7	%
Community/Open-Air Centers:							
Alamance Crossing - Theater/Shops	Burlington, NC	82,997	18,882	29	Spring 2008	8.4	%
Summit Fair	Lee's Summit, MO	512,551	22,000	22,000	Fall 2008/ Summer 2009	9.6	%
Cobblestone Village at Palm Coast	Palm Coast, FL	277,770	10,520	15,306	October 2007	7.7	%
Settlers Ridge (e)	Robinson Township, PA	515,444	119,146	26,689	Summer 2009	8.6	%
		3,343,325	\$ 466,293	\$ 193,350			

(a) Amounts shown are 100% of total cost and cost to date for all of Phase II due to the fact that we fund all costs.

(b) Total square footage includes redevelopment and expansion of 2,641 square feet.

(c) 50/50 joint venture.

(d) Initial yields include reductions for management and development fees.

(e) 60/40 Joint Venture. Amounts shown are 100% of total costs and cost to date as CBL has funded all costs to date.

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As of September 30, 2007, there were construction loans in place for the development costs of Alamance Crossing, Milford Marketplace York Town Center, Pearland Town Center and CBL Center II. The remaining development costs will be funded with operating cash flows, credit facilities or construction loans that we plan to obtain in the near term.

We have entered into a number of option agreements for the development of future regional malls, open-air centers and community centers. Except for the projects discussed under Developments and Expansions above, we do not have any other material capital commitments.

Dispositions

We received \$52.9 million in net proceeds from the sales of ten parcels of land during the nine months ended September 30, 2007.

Other Capital Expenditures

Including our share of unconsolidated affiliates' capital expenditures and excluding minority investors' share of capital expenditures, we spent \$45.4 million during the nine months ended September 30, 2007 for tenant allowances, which will generate increased rents from tenants over the terms of their leases. Deferred maintenance expenditures were \$20.4 million for the nine months ended September 30, 2007 and included \$12.8 million for roof repairs and replacements, \$2.2 million parking lots and parking lot lighting and \$5.4 million for other capital expenditures. Renovation expenditures were \$32.1 million for the nine months ended September 30, 2007.

Deferred maintenance expenditures are generally billed to tenants as common area maintenance expense, and most are recovered over a 5 to 15-year period. Renovation expenditures are primarily for remodeling and upgrades of malls, of which approximately 30% is recovered from tenants over a 5 to 15-year period. We are recovering these costs through fixed amounts with annual increases or pro rata cost reimbursements based on the tenant's occupied space.

CRITICAL ACCOUNTING POLICIES

Our significant accounting policies are disclosed in Note 2 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2006. The following discussion describes our most critical accounting policies, which are those that are both important to the presentation of our financial condition and results of operations and that require significant judgment or use of complex estimates.

Revenue Recognition

Minimum rental revenue from operating leases is recognized on a straight-line basis over the initial terms, including rent holidays, of the related leases. Most 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.

We receive reimbursements from tenants for real estate taxes, insurance, common area maintenance, utilities 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. Tenant reimbursements related to certain capital expenditures are billed to tenants over periods of 5 to 15 years and are recognized as revenue when billed.

We receive management, leasing and development fees from third parties and unconsolidated affiliates. Management fees are charged as a percentage of revenues (as defined in the management agreement) and are recognized as revenue when earned. Development fees are recognized as revenue on a pro rata basis over the development period. Leasing fees are charged for newly executed leases and lease renewals and are recognized as revenue when earned. Financing fees are earned in accordance with the terms of the applicable joint venture agreement. Development, leasing and financing fees received from unconsolidated affiliates are recognized as revenue to the extent of the third-party partners' ownership interest. Fees to the extent of our ownership interest are recorded as a reduction to our investment in the unconsolidated affiliate.

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Gains on sales of real estate assets are recognized when it is determined that the sale has been consummated, the buyer's initial and continuing investment is adequate, our receivable, if any, is not subject to future subordination, and the buyer has assumed the usual risks and rewards of ownership of the asset. When we have an ownership interest in the buyer, gain is recognized to the extent of the third party partner's

ownership interest and the portion of the gain attributable to our ownership interest is deferred.

Real Estate Assets

We capitalize predevelopment project costs paid to third parties. All previously capitalized predevelopment costs are expensed when it is no longer probable that the project will be completed. Once development of a project commences, all direct costs incurred to construct the project, including interest and real estate taxes, are capitalized. Additionally, certain general and administrative expenses are allocated to the projects and capitalized based on the amount of time applicable personnel work on the development project. Ordinary repairs and maintenance are expensed as incurred. Major replacements and improvements are capitalized and depreciated over their estimated useful lives.

All acquired real estate assets are accounted for using the purchase method of accounting and, accordingly, the results of operations are included in the consolidated statements of operations from the respective dates of acquisition. The purchase price is allocated to (i) tangible assets, consisting of land, buildings and improvements, and tenant improvements, (ii) and identifiable intangible assets and liabilities generally consisting of above and below-market leases and in-place leases. We use estimates of fair value based on estimated cash flows, using appropriate discount rates, and other valuation methods to allocate the purchase price to the acquired tangible and intangible assets. Liabilities assumed generally consist of mortgage debt on the real estate assets acquired. Assumed debt with a stated interest rate that is significantly different from market interest rates is recorded at its fair value based on estimated market interest rates at the date of acquisition.

Depreciation is computed on a straight-line basis over estimated lives of 40 years for buildings, 10 to 20 years for certain improvements and 7 to 10 years for equipment and fixtures. Tenant improvements are capitalized and depreciated on a straight-line basis over the term of the related lease. Lease-related intangibles from acquisitions of real estate assets are amortized over the remaining terms of the related leases. Any difference between the face value of the debt assumed and its fair value is amortized to interest expense over the remaining term of the debt using the effective interest method.

Carrying Value of Long-Lived Assets

We periodically evaluate long-lived assets to determine if there has been any impairment in their carrying values and record impairment losses if the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts or if there are other indicators of impairment. If it is determined that an impairment has occurred, the excess of the asset's carrying value over its estimated

fair value will be charged to operations. We did recognize an impairment of \$0.3 million during the nine months ended September 30, 2006. No impairments have been incurred during the current year as of September 30, 2007.

RECENT ACCOUNTING PRONOUNCEMENTS

On July 13, 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"), which is effective for fiscal years beginning after December 15, 2006. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*, by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition.

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We adopted FIN 48 as of January 1, 2007 and have analyzed our various federal and state filing positions. Based on this evaluation, we believe that our accruals for income tax liabilities are adequate

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and, therefore, no reserves for uncertain income tax positions have been recorded pursuant to FIN 48. Additionally, we did not record a cumulative effect adjustment related to the adoption of FIN 48.

In September 2006, the FASB issued Statement of Financial Accounting Standards (“SFAS”) No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a framework that clarifies the fair value measurement objective within GAAP and its application under the various pronouncements that require or permit fair value measurements, and expands disclosures about fair value measurements. It is intended to increase consistency and comparability among fair value estimates used in financial reporting. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The transition adjustment, which is measured as the difference between the carrying amount and the fair value of those financial instruments at the date SFAS No. 157 is initially applied, should be recognized as a cumulative effect adjustment to the opening balance of retained earnings for the fiscal year in which SFAS No. 157 is initially applied. The provisions of SFAS No. 157 are effective for us beginning January 1, 2008. We are currently evaluating the impact of adopting SFAS No. 157 on our financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS No. 109 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007, although early application is allowed. We are currently evaluating the impact of adopting SFAS No. 159 on our financial position and results of operations.

IMPACT OF INFLATION

In the last three years, inflation has not had a significant impact on us because of the relatively low inflation rate. Substantially all tenant leases do, however, contain provisions designed to protect us from the impact of inflation. These provisions include clauses enabling us to receive percentage rent based on tenants’ gross sales, which generally increase as prices rise, and/or escalation clauses, which generally increase rental rates during the terms of the leases. In addition, many of the leases are for terms in the range of five to ten years, which may enable us to replace existing leases with new leases at higher base and/or percentage rents if rents of the existing leases are below the then existing market rate. Most of the leases require tenants to pay their share of operating expenses, including common area maintenance, real estate taxes and insurance, thereby reducing our exposure to increases in costs and operating expenses resulting from inflation.

FUNDS FROM OPERATIONS

Funds From Operations (“FFO”) is a widely used measure of the operating performance of real estate companies that supplements net income determined in accordance with generally accepted accounting principles (“GAAP”). The National Association of Real Estate Investment Trusts (“NAREIT”) defines FFO as net income (computed in accordance with GAAP) excluding gains or losses on sales of operating properties, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures and minority interests. Adjustments for unconsolidated partnerships and joint ventures and minority interests are calculated on the same basis. We define FFO allocable to common shareholders as defined above by NAREIT less dividends on preferred stock. Our method of calculating FFO allocable to common shareholders may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

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We believe that FFO provides an additional indicator of the operating performance of our Properties without giving effect to real estate depreciation and amortization, which assumes the value of real estate assets declines predictably over time. Since values of well-maintained real estate assets have historically increased or decreased based on prevailing market conditions, we believe that FFO enhances investors' understanding of our operating performance. The use of FFO as an indicator of financial performance is influenced not only by the operations of our Properties and interest rates, but also by our capital structure.

We present both FFO of our operating partnership and FFO allocable to common shareholders, as we believe that both are useful performance measures. We believe FFO of our operating partnership is a useful performance measure since we conduct substantially all of our business through our operating partnership and, therefore, it reflects the performance of the Properties in absolute terms regardless of the ratio of ownership interests of our common shareholders and the minority interest in our operating partnership. We believe FFO allocable to common shareholders is a useful performance measure because it is the performance measure that is most directly comparable to net income available to common shareholders.

In our reconciliation of net income available to common shareholders to FFO allocable to common shareholders that is presented below, we make an adjustment to add back minority interest in earnings of our operating partnership in order to arrive at FFO of our operating partnership. We then apply a percentage to FFO of our operating partnership to arrive at FFO allocable to common shareholders. The percentage is computed by taking the weighted average number of common shares outstanding for the period and dividing it by the sum of the weighted average number of common shares and the weighted average number of operating partnership units outstanding during the period.

FFO does not represent cash flows from operations as defined by accounting principles generally accepted in the United States, is not necessarily indicative of cash available to fund all cash flow needs and should not be considered as an alternative to net income for purposes of evaluating our operating performance or to cash flow as a measure of liquidity.

FFO allocable to common shareholders decreased 2.3% for the three months ended September 30, 2007 to \$49.7 million from \$50.9 million for the same period in 2006. FFO allocable to common shareholders decreased 2.3% for the nine months ended September 30, 2007 to \$149.1 million compared to \$152.6 million for the same period in 2006.

FFO of our operating partnership decreased 3.7% for the three months ended September 30, 2007 to \$88.3 million from \$91.6 million for the same period in 2006. FFO of our operating partnership decreased 4.3% for the nine months ended September 30, 2007 to \$265.0 million compared to \$276.8 million for the same period in 2006.

The decline in FFO for both the three and nine months ended September 30, 2007 was primarily the result of a decrease in lease termination fees, the non-cash income tax provision and a decrease in the amortization of above and below-market leases. The write-off of the direct issuance costs during the nine month period ended September 30, 2007, related to the redemption of our Series B preferred stock also impacted FFO. No comparable charges were incurred in the prior year periods.

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The reconciliation of net income available to common shareholders to FFO allocable to common shareholders is as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2007	2006	2007	2006
Net income available to common shareholders	\$ 17,088	\$ 14,337	\$ 45,954	\$ 55,878
Minority interest in earnings of operating partnership	13,288	12,075	35,886	47,930
Depreciation and amortization expense of:				
Consolidated properties	58,893	62,142	176,067	170,546
Unconsolidated affiliates	3,425	3,377	10,550	10,020
Discontinued operations	—	462	859	1,810
Non-real estate assets	(228)	(218)	(690)	(623)
Minority investors' share of depreciation and amortization	(300)	(568)	190	(1,675)
(Gain) loss on:				
Sales of operating real estate assets	—	49	—	87
Discontinued operations	(3,957)	(2)	(3,902)	(7,217)
Funds from operations of the operating partnership	88,209	91,654	264,914	276,756
Percentage allocable to Company shareholders (1)	56.34 %	55.55 %	56.28 %	55.14 %
Funds from operations allocable to Company shareholders	\$ 49,697	\$ 50,914	\$ 149,094	\$ 152,603

(1) Represents the weighted average number of common shares outstanding for the period divided by the sum of the weighted average number of common shares and the weighted average number of operating partnership units outstanding during the period.

ITEM 3: Quantitative and Qualitative Disclosures About Market Risk

We are exposed to interest rate risk on our debt obligations and derivative financial instruments. We may elect to use derivative financial instruments to manage our exposure to changes in interest rates, but will not use them for speculative purposes. Our interest rate risk management policy requires that derivative instruments be used for hedging purposes only and that they be entered into only with major financial institutions based on their credit ratings and other factors.

Based on our proportionate share of consolidated and unconsolidated variable rate debt at September 30, 2007, a 0.5% increase or decrease in interest rates on this variable-rate debt would decrease or increase annual cash flows by approximately \$5.2 million and, after the effect of capitalized interest, annual earnings by approximately \$4.6 million.

Based on our proportionate share of total consolidated and unconsolidated debt at September 30, 2007, a 0.5% increase in interest rates would decrease the fair value of debt by approximately \$94.0 million, while a 0.5% decrease in interest rates would increase the fair value of debt by approximately \$97.2 million.

We did not have any derivative financial instruments during the nine months ended September 30, 2007.

ITEM 4: Controls and Procedures

Disclosure Controls and Procedures

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of its effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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As of the end of the period covered by this quarterly report, an evaluation was performed under the supervision of our Chief Executive Officer and Chief Financial Officer and with the participation of our management, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective to ensure that information that we are required to disclose in the reports we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms.

Changes in Internal Control over Financial Reporting

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

PART II - OTHER INFORMATION

ITEM 1: Legal Proceedings

None

ITEM 1A. Risk Factors

The following information updates the information disclosed in “Item 1A – Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2006, by providing information that is current as of September 30, 2007:

RISKS RELATED TO REAL ESTATE INVESTMENTS

Real property investments are subject to various risks, many of which are beyond our control, that could cause declines in the operating revenues and/or the underlying value of one or more of our Properties.

A number of factors may decrease the income generated by a retail shopping center property, including:

- National, regional and local economic climates, which may be negatively impacted by plant closings, industry slowdowns, adverse weather conditions, natural disasters, acts of terrorism and other factors which tend to reduce consumer spending on retail goods.
- Local real estate conditions, such as an oversupply of, or reduction in demand for, retail space or retail goods, and the availability and creditworthiness of current and prospective tenants.
- Increased operating costs, such as increases in real property taxes, utility rates and insurance premiums.

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- Perceptions by retailers or shoppers of the safety, convenience and attractiveness of the shopping center.
- The willingness and ability of the shopping center's owner to provide capable management and maintenance services.
- The convenience and quality of competing retail properties and other retailing options, such as the Internet.

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In addition, other factors may adversely affect the value of our Properties without affecting their current revenues, including:

- Adverse changes in governmental regulations, such as local zoning and land use laws, environmental regulations or local tax structures that could inhibit our ability to proceed with development, expansion, or renovation activities that otherwise would be beneficial to our Properties.
- Potential environmental or other legal liabilities that reduce the amount of funds available to us for investment in our Properties.
- Any inability to obtain sufficient financing (including both construction financing and permanent debt), or the inability to obtain such financing on commercially favorable terms, to fund new developments, acquisitions, and property expansions and renovations which otherwise would benefit our Properties.
- An environment of rising interest rates, which could negatively impact both the value of commercial real estate such as retail shopping centers and the overall retail climate.

The loss of one or more significant tenants, due to bankruptcies or as a result of ongoing consolidations in the retail industry, could adversely affect both the operating revenues and value of our Properties.

Regional malls are typically anchored by well-known department stores and other significant tenants who generate shopping traffic at the mall. A decision by an anchor tenant or other significant tenant to cease operations at one or more Properties could have a material adverse effect on those Properties and, by extension, on our financial condition and results of operations. The closing of an anchor or other significant tenant may allow other anchors and/or tenants at an affected Property to terminate their leases, to seek rent relief and/or cease operating their stores or otherwise adversely affect occupancy at the Property. In addition, key tenants at one or more Properties might terminate their leases as a result of mergers, acquisitions, consolidations, dispositions or bankruptcies in the retail industry. The bankruptcy and/or closure of one or more significant tenants, if we are not able to successfully re-tenant the affected space, could have a material adverse effect on both the operating revenues and underlying value of the Properties involved.

We may incur significant costs related to compliance with environmental laws, which could have a material adverse effect on our results of operations, cash flow and the funds available to us to pay dividends.

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the costs of removal or remediation of hazardous or toxic substances on, under or in that real property. These laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of hazardous or toxic substances. The costs of investigation, removal or remediation of hazardous or toxic substances may be substantial. In addition, the presence of hazardous or toxic substances, or the failure to remedy environmental hazards properly, may adversely affect the owner's or operator's ability to sell or rent affected real property or to borrow money using affected real property as collateral.

Persons or entities that arrange for the disposal or treatment of hazardous or toxic substances may also be liable for the costs of removal or remediation of hazardous or toxic substances at the disposal or treatment facility, whether or not that facility is owned or operated by the person or entity arranging for the disposal or treatment of hazardous or toxic substances. Laws exist that impose liability for release of asbestos-containing materials into the air, and third parties may seek recovery from owners or operators of real property for personal injury associated with exposure to asbestos-

containing materials. In connection with our ownership, operation, management, development and redevelopment of our Properties, or any other Properties we acquire in the future, we may be potentially liable under these laws and may incur costs in responding to these liabilities, which could have an adverse effect on our results of operations, cash flow and the funds available to us to pay dividends.

RISKS RELATED TO OUR BUSINESS AND THE MARKET FOR OUR STOCK

We may elect not to proceed with certain development projects once they have been undertaken, resulting in charges that could have a material adverse effect on our results of operations for the period in which the charge is taken.

We intend to pursue development and expansion activities as opportunities arise. In connection with any development or expansion, we will incur various risks including the risk that development or expansion opportunities explored by us may be abandoned and the risk that construction costs of a project may exceed original estimates, possibly making the project not profitable. Other risks include the risk that we may not be able to refinance construction loans which are generally with full recourse to us, the risk that occupancy rates and rents at a completed project will not meet projections and will be insufficient to make the project profitable, and the risk that we will not be able to obtain anchor, mortgage lender and property partner approvals for certain expansion activities. In the event of an unsuccessful development project, our loss could exceed our investment in the project.

We have in the past elected not to proceed with certain development projects and anticipate that we will do so again from time to time in the future. If we elect not to proceed with a development opportunity, the development costs ordinarily will be charged against income for the then-current period. Any such charge could have a material adverse effect on our results of operations for the period in which the charge is taken.

Competition from other retail formats could adversely affect the revenues generated by our Properties, resulting in a reduction in funds available for distribution to our stockholders.

There are numerous shopping facilities that compete with our Properties in attracting retailers to lease space. In addition, retailers at our Properties face competition for customers from:

- Discount shopping centers
- Outlet malls
- Wholesale clubs
- Direct mail
- Telemarketing
- Television shopping networks
- Shopping via the Internet

Each of these competitive factors could adversely affect the amount of rents that we are able to collect from our tenants, thereby reducing our revenues and the funds available for distribution to our stockholders.

Since our Properties are located principally in the Southeastern and Midwestern United States, our financial position, results of operations and funds available for distribution to shareholders are subject generally to economic conditions in these regions.

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Our Properties are located principally in the southeastern and midwestern United States. Our Properties located in the southeastern United States accounted for approximately 50.4% of our total revenues from all Properties for the nine months ended September 30, 2007 and currently include 42 malls, 19 associated centers, two community centers and our corporate office building. Our Properties located in the midwestern United States accounted for approximately 29.2% of our total revenues from all Properties for the nine months ended September 30, 2007 and currently include 22 malls, 4 associated centers and one community center. Our results of operations and funds available for distribution to shareholders therefore will be subject generally to economic conditions in the southeastern and midwestern United States. We will continue to look for opportunities to geographically diversify our portfolio in order to minimize dependency on any particular region; however, the expansion of the portfolio through both acquisitions and developments is contingent on many factors including consumer demand, competition and economic conditions.

Certain of our Properties are subject to ownership interests held by third parties, whose interests may conflict with ours and thereby constrain us from taking actions concerning these properties which otherwise would be in the best interests of the Company and our stockholders.

We own partial interests in eleven malls, eight associated centers and one office building. We manage all of these properties except for Governor's Square, Governor's Plaza and Kentucky Oaks. A property manager affiliated with the managing general partner performs the property management and leasing services for these Properties and receives a fee for its services. The managing partner of each of these three Properties controls the cash flow distributions, although our approval is required for certain major decisions.

Where we serve as managing general partner of the partnerships that own our Properties, we may have certain fiduciary responsibilities to the other partners in those partnerships. In certain cases, the approval or consent of the other partners is required before we may sell, finance, expand or make other significant changes in the operations of such Properties. To the extent such approvals or consents are required, we may experience difficulty in, or may be prevented from, implementing our plans with respect to expansion, development, financing or other similar transactions with respect to such Properties.

With respect to Governor's Square, Governor's Plaza and Kentucky Oaks we do not have day-to-day operational control or control over certain major decisions, including leasing and the timing and amount of distributions, which could result in decisions by the managing general partner that do not fully reflect our interests. This includes decisions relating to the requirements that we must satisfy in order to maintain our status as a REIT for tax purposes. However, decisions relating to sales, expansion and disposition of all or substantially all of the assets and financings are subject to approval by the Operating Partnership.

Certain agreements with prior owners of Properties that we have acquired may inhibit our ability to enter into future sale or refinancing transactions affecting such Properties, which otherwise would be in the best interests of the Company and our stockholders.

Certain Properties that we originally acquired from third parties had unrealized gain attributable to the difference between the fair market value of such Properties and the third parties' adjusted tax basis in the Properties immediately prior to their contribution of such Properties to the Operating Partnership pursuant to our acquisition. For this reason, a taxable sale by us of any of such Properties, or a significant reduction in the debt encumbering such Properties, could result in adverse tax consequences to the third parties who contributed these Properties in exchange for interests in the Operating Partnership. Under the terms of these transactions, we have generally agreed that we either will not sell or refinance such an acquired Property for a number of years in any transaction that would trigger adverse tax consequences for the parties from whom we acquired such Property, or

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else we will reimburse such parties for all or a portion of the additional taxes they are required to pay as a result of the transaction. Accordingly, these agreements may cause us not to engage in future sale or refinancing transactions affecting such Properties which otherwise would be in the best interests of the Company and our stockholders, or may increase the costs to us of engaging in such transactions.

Our financial position, results of operations and funds available for distribution to shareholders could be adversely affected by any economic downturn affecting the operating results at our Properties in the Nashville, TN, Pittsburgh, PA, Kansas City, KS, Madison, WI and Chattanooga, TN metropolitan areas, which are our five largest markets.

Our Properties located in the Nashville, TN, Pittsburgh, PA, Kansas City (Overland Park), KS, Madison, WI and Chattanooga, TN metropolitan areas accounted for 5.3%, 4.5%, 3.7%, 3.1% and 3.0% of our revenues for the nine months ended September 30, 2007, respectively. No other market accounted for 3.0% or more of our revenues for the nine months ended September 30, 2007. Our financial position and results of operations will therefore be affected by the results experienced at Properties located in these metropolitan areas.

Rising interest rates could both increase our borrowing costs, thereby adversely affecting our cash flow and the amounts available for distributions to our stockholders, and decrease our stock price, if investors seek higher yields through other investments.

An environment of rising interest rates could lead holders of our securities to seek higher yields through other investments, which could adversely affect the market price of our stock. One of the factors that may influence the price of our stock in public markets is the annual distribution rate we pay as compared with the yields on alternative investments. Numerous other factors, such as governmental regulatory action and tax laws, could have a significant impact on the future market price of our stock. In addition, increases in market interest rates could result in increased borrowing costs for us, which may adversely affect our cash flow and the amounts available for distributions to our stockholders.

Recent changes in the U.S. federal income tax treatment of corporate dividends may make our stock less attractive to investors, thereby lowering our stock price.

The maximum U.S. federal income tax rate for dividends received by individual taxpayers has been reduced generally from 38.6% to 15.0% (currently effective from January 1, 2003 through 2010). However, dividends payable by REITs are generally not eligible for such treatment. Although this legislation did not have a directly adverse effect on the taxation of REITs or dividends paid by REITs, the more favorable treatment for non-REIT dividends could cause individual investors to consider investments in non-REIT corporations as more attractive relative to an investment in a REIT, which could have an adverse impact on the market price of our stock.

Certain of our credit facilities, the loss of which could have a material, adverse impact on our financial condition and results of operations, are conditioned upon the Operating Partnership continuing to be managed by certain members of its current senior management and by such members of senior management continuing to own a significant direct or indirect equity interest in the Operating Partnership.

Certain of the Operating Partnership's lines of credit are conditioned upon the Operating Partnership continuing to be managed by certain members of its current senior management and by such members of senior management continuing to own a significant direct or indirect equity interest in the Operating Partnership (including any shares of our common stock owned by such members of senior management). If the failure of one or more of these conditions resulted in the loss of these

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credit facilities and we were unable to obtain suitable replacement financing, such loss could have a material, adverse impact on our financial position and results of operations.

Our insurance coverage may change in the future, and may not include coverage for acts of terrorism.

The general liability and property casualty insurance policies on our Properties currently include coverage for loss resulting from acts of terrorism, whether foreign or domestic. The cost of general liability and property casualty insurance policies that include coverage for acts of terrorism has risen significantly post-September 11, 2001. The cost of coverage for acts of terrorism is currently mitigated by the Terrorism Risk Insurance Act ("TRIA"). If TRIA is not extended beyond its current expiration date of December 31, 2007, we may incur higher insurance costs and greater difficulty in obtaining insurance that covers terrorist-related damages. Our tenants may also experience similar difficulties.

RISKS RELATED TO FEDERAL INCOME TAX LAWS

If we fail to qualify as a REIT in any taxable year, our funds available for distribution to stockholders will be reduced.

We intend to continue to operate so as to qualify as a REIT under the Internal Revenue Code. Although we believe that we are organized and operate in such a manner, no assurance can be given that we currently qualify and in the future will continue to qualify as a REIT. Such qualification involves the application of highly technical and complex Internal Revenue Code provisions for which there are only limited judicial or administrative interpretations. The determination of various factual matters and circumstances not entirely within our control may affect our ability to qualify. In addition, no assurance can be given that legislation, new regulations, administrative interpretations or court decisions will not significantly change the tax laws with respect to qualification or its corresponding federal income tax consequences. Any such change could have a retroactive effect.

If in any taxable year we were to fail to qualify as a REIT, we would not be allowed a deduction for distributions to stockholders in computing our taxable income and we would be subject to federal income tax on our taxable income at regular corporate rates. Unless entitled to relief under certain statutory provisions, we also would be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost. As a result, the funds available for distribution to our stockholders would be reduced for each of the years involved. This would likely have a significant adverse effect on the value of our securities and our ability to raise additional capital. In addition, we would no longer be required to make distributions to our stockholders. We currently intend to operate in a manner designed to qualify as a REIT. However, it is possible that future economic, market, legal, tax or other considerations may cause our board of directors, with the consent of a majority of our stockholders, to revoke the REIT election.

Any issuance or transfer of our capital stock to any person in excess of the applicable limits on ownership necessary to maintain our status as a REIT would be deemed void ab initio, and those shares would automatically be transferred to a non-affiliated charitable trust.

To maintain our status as a REIT under the Internal Revenue Code, not more than 50% in value of our outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) during the last half of a taxable year. Our certificate of incorporation generally prohibits ownership of more than 6% of the outstanding shares of our capital stock by any single stockholder determined by vote, value or number of shares (other than Charles B. Lebovitz, our Chief Executive Officer, David Jacobs, the estate of Richard Jacobs and their affiliates under the Internal Revenue Code's attribution rules). The affirmative vote

of 66 $\frac{2}{3}$ % of our outstanding voting stock is required to amend this provision.

Our board of directors may, subject to certain conditions, waive the applicable ownership limit upon receipt of a ruling from the IRS or an opinion of counsel to the effect that such ownership will not jeopardize our status as a REIT. Absent any such waiver, however, any issuance or transfer of our capital stock to any person in excess of the applicable ownership limit or any issuance or transfer of shares of such stock which would cause us to be beneficially owned by fewer than 100 persons, will be null and void and the intended transferee will acquire no rights to the stock. Instead, such issuance or transfer with respect to that number of shares that would be owned by the transferee in excess of the ownership limit provision would be deemed void *ab initio* and those shares would automatically be transferred to a trust for the exclusive benefit of a charitable beneficiary to be designated by us, with a trustee designated by us, but who would not be affiliated with us or with the prohibited owner. Any acquisition of our capital stock and continued holding or ownership of our capital stock constitutes, under our certificate of incorporation, a continuous representation of compliance with the applicable ownership limit.

In order to maintain our status as a REIT and avoid the imposition of certain additional taxes under the Internal Revenue Code, we must satisfy minimum requirements for distributions to shareholders, which may limit the amount of cash we might otherwise have been able to retain for use in growing our business.

To maintain our status as a REIT under the Internal Revenue Code, we generally will be required each year to distribute to our stockholders at least 90% of our taxable income after certain adjustments. However, to the extent that we do not distribute all of our net capital gain or distribute at least 90% but less than 100% of our REIT taxable income, as adjusted, we will be subject to tax on the undistributed amount at ordinary and capital gains corporate tax rates, as the case may be. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which certain distributions paid by us during each calendar year are less than the sum of 85% of our ordinary income for such calendar year, 95% of our capital gain net income for the calendar year and any amount of such income that was not distributed in prior years. In the case of property acquisitions, including our initial formation, where individual Properties are contributed to our Operating Partnership for Operating Partnership units, we have assumed the tax basis and depreciation schedules of the entities' contributing Properties. The relatively low tax basis of such contributed Properties may have the effect of increasing the cash amounts we are required to distribute as dividends, thereby potentially limiting the amount of cash we might otherwise have been able to retain for use in growing our business. This low tax basis may also have the effect of reducing or eliminating the portion of distributions made by us that are treated as a non-taxable return of capital.

RISKS RELATED TO OUR ORGANIZATIONAL STRUCTURE

The ownership limit described above, as well as certain provisions in our amended and restated certificate of incorporation and bylaws, our stockholder rights plan, and certain provisions of Delaware law may hinder any attempt to acquire us.

There are certain provisions of Delaware law, our amended and restated certificate of incorporation, our bylaws, and other agreements to which we are a party that may have the effect of delaying, deferring or preventing a third party from making an acquisition proposal for us. These provisions may also inhibit a change in control that some, or a majority, of our stockholders might believe to be in their best interest or that could give our stockholders the opportunity to realize a premium over the then-prevailing market prices for their shares. These provisions and agreements are summarized as follows:

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- The Ownership Limit – As described above, to maintain our status as a REIT under the Internal Revenue Code, not more than 50% in value of our outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) during the last half of a taxable year. Our certificate of incorporation generally prohibits ownership of more than 6% of the outstanding shares of our capital stock by any single stockholder determined by value (other than Charles B. Lebovitz, David Jacobs, the estate of Richard Jacobs and their affiliates under the Internal Revenue Code’s attribution rules). In addition to preserving our status as a REIT, the ownership limit may have the effect of precluding an acquisition of control of us without the approval of our board of directors.
- Classified Board of Directors; Removal for Cause – Our certificate of incorporation provides for a board of directors divided into three classes, with one class elected each year to serve for a three-year term. As a result, at least two annual meetings of stockholders may be required for the stockholders to change a majority of our board of directors. In addition, our stockholders can only remove directors for cause and only by a vote of 75% of the outstanding voting stock. Collectively, these provisions make it more difficult to change the composition of our board of directors and may have the effect of encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with our board of directors rather than pursue non-negotiated takeover attempts.
- Advance Notice Requirements for Stockholder Proposals – Our bylaws establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our stockholders. These procedures generally require advance written notice of any such proposals, containing prescribed information, to be given to our Secretary at our principal executive offices not less than 60 days nor more than 90 days prior to the meeting.
- Vote Required to Amend Bylaws – A vote of $66\frac{2}{3}\%$ of the outstanding voting stock is necessary to amend our bylaws.
- Stockholder Rights Plan – We have a stockholder rights plan, which may delay, deter or prevent a change in control unless the acquirer negotiates with our board of directors and the board of directors approves the transaction. The rights plan generally would be triggered if an entity, group or person acquires (or announces a plan to acquire) 15% or more of our common stock. If such transaction is not approved by our board of directors, the effect of the stockholder rights plan would be to allow our stockholders to purchase shares of our common stock, or the common stock or other merger consideration paid by the acquiring entity, at an effective 50% discount.
- Delaware Anti-Takeover Statute – We are a Delaware corporation and are subject to Section 203 of the Delaware General Corporation Law. In general, Section 203 prevents an “interested stockholder” (defined generally as a person owning 15% or more of a company’s outstanding voting stock) from engaging in a “business combination” (as defined in Section 203) with us for three years following the date that person becomes an interested stockholder unless:
 - (a) before that person became an interested holder, our board of directors approved the transaction in which the interested holder became an interested stockholder or approved the business combination;
 - (b) upon completion of the transaction that resulted in the interested stockholder becoming an interested stockholder, the interested stockholder owns 85% of our voting

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stock outstanding at the time the transaction commenced (excluding stock held by directors who are also officers and by employee stock plans that do not provide employees with the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer); or

(c) following the transaction in which that person became an interested stockholder, the business combination is approved by our board of directors and authorized at a meeting of stockholders by the affirmative vote of the holders of at least two-thirds of our outstanding voting stock not owned by the interested stockholder.

Under Section 203, these restrictions also do not apply to certain business combinations proposed by an interested stockholder following the announcement or notification of certain extraordinary transactions involving us and a person who was not an interested stockholder during the previous three years or who became an interested stockholder with the approval of a majority of our directors, if that extraordinary transaction is approved or not opposed by a majority of the directors who were directors before any person became an interested stockholder in the previous three years or who were recommended for election or elected to succeed such directors by a majority of directors then in office.

Certain ownership interests held by members of our senior management may tend to create conflicts of interest between such individuals and the interests of the Company and our Operating Partnership.

- Retained Property Interests – Members of our senior management own interests in certain real estate Properties that were retained by them at the time of our initial public offering. These consist primarily of outparcels at certain of our properties, which are being offered for sale through our management company. As a result, these members of our senior management have interests that could conflict with the interests of the Company, our shareholders and the Operating Partnership with respect to any transaction involving these Properties.
- Tax Consequences of the Sale or Refinancing of Certain Properties – Since certain of our Properties had unrealized gain attributable to the difference between the fair market value and adjusted tax basis in such Properties immediately prior to their contribution to the Operating Partnership, a taxable sale of any such Properties, or a significant reduction in the debt encumbering such Properties, could cause adverse tax consequences to the members of our senior management who owned interests in our predecessor entities. As a result, members of our senior management might not favor a sale of a property or a significant reduction in debt even though such a sale or reduction could be beneficial to us and the Operating Partnership. Our bylaws provide that any decision relating to the potential sale of any property that would result in a disproportionately higher taxable income for members of our senior management than for us and our stockholders, or that would result in a significant reduction in such property's debt, must be made by a majority of the independent directors of the board of directors. The Operating Partnership is required, in the case of such a sale, to distribute to its partners, at a minimum, all of the net cash proceeds from such sale up to an amount reasonably believed necessary to enable members of our senior management to pay any income tax liability arising from such sale.
- Interests in Other Entities; Policies of the Board of Directors – Certain entities owned in whole or in part by members of our senior management, including the construction company that built or renovated most of our properties, may continue to perform services for, or transact business with, us and the Operating Partnership. Furthermore, certain property tenants are affiliated with members of our senior management. Accordingly, although our

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bylaws provide that any contract or transaction between us or the Operating Partnership and one or more of our directors or officers, or between us or the Operating Partnership and any other entity in which one or more of our directors or officers are directors or officers or have a financial interest, must be approved by our disinterested directors or stockholders after the material facts of the relationship or interest of the contract or transaction are disclosed or are known to them, these affiliations could nevertheless create conflicts between the interests of these members of senior management and the interests of the Company, our shareholders and the Operating Partnership in relation to any transactions between us and any of these entities.

ITEM 2: Unregistered Sales of Equity Securities and Use of Proceeds

- (c) The following table presents information with respect to repurchases of common stock made by us during the three months ended September 30, 2007:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share (2)	Total Number of Shares Purchased as Part of a Publicly Announced Plan	Maximum Number of Shares that May Yet Be Purchased Under the Plan (3)
July 1–31, 2007	—	\$ —	—	—
August 1–31, 2007	—	\$ —	—	3,033,981
September 1–30, 2007	148,500	\$ 34.81	148,500	2,705,584
Total	148,500	\$ 34.81	148,500	2,705,584

- (1) Represents 148,500 shares repurchased by the Company pursuant to the one year, \$100 million common stock repurchase plan approved by the Company's Board of Directors on August 2, 2007.
- (2) Represents the weighted average price per share of the common stock on the repurchase dates.
- (3) Represents the maximum number of shares of common stock that may be repurchased, as of the end of each respective period, pursuant to the August 2007 plan referenced in Note (1) prior to its expiration in August 2008. Such maximum number of shares has been estimated, based on the closing market price for the Company's common stock on the New York Stock Exchange on (a) August 31, 2007 (\$32.96 per share) and (b) September 28, 2007, the last business day of September 2007 (\$35.05 per share).

ITEM 3: Defaults Upon Senior Securities

None

ITEM 4: Submission of Matters to a Vote of Security Holders

None

ITEM 5: Other Information

None

ITEM 6: Exhibits

The Exhibit Index attached to this report is incorporated by reference into this Item 6.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CBL & ASSOCIATES PROPERTIES, INC.

/s/ John N. Foy

John N. Foy

Vice Chairman of the Board, Chief Financial

Officer and Treasurer

(Authorized Officer and Principal Financial Officer)

Date: November 9, 2007

INDEX TO EXHIBITS

Exhibit

<u>Number</u>	<u>Description</u>
10.17.6	Fifth Amendment to Sixth Amended and Restated Credit Agreement between CBL & Associates Limited Partnership and Wells Fargo Bank, National Association, et al., dated September 24, 2007.
10.22.1	Contribution Agreement among Westfield America Limited Partnership, as Transferor, and CW Joint Venture, LLC, as Transferee, and CBL & Associates Limited Partnership, dated August 9, 2007.
10.22.2	Contribution Agreement among CBL & Associates Limited Partnership, as Transferor, St. Clair Square, GP, Inc. and CW Joint Venture, LLC, as Transferee, and Westfield America Limited Partnership, dated August 9, 2007.
10.22.3	Purchase and Sale Agreement between Westfield America Limited Partnership, as Transferor, and CBL & Associates Limited Partnership, as Transferee, dated August 9, 2007.
12.1	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends.
31.1	Certification pursuant to Securities Exchange Act Rule 13a-14(a) by the Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification pursuant to Securities Exchange Act Rule 13a-14(a) by the Chief Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification pursuant to Securities Exchange Act Rule 13a-14(b) by the Chief Executive Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification pursuant to Securities Exchange Act Rule 13a-14(b) by the Chief Financial Officer as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.