CBL & ASSOCIATES PROPERTIES INC
Form 10-Q
November 10, 2014
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UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
S QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2014
Or
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM ____________ TO ______________

COMMISSION FILE NO. 1-12494 (CBL & ASSOCIATES PROPERTIES, INC.)
COMMISSION FILE NO. 333-182515-01 (CBL & ASSOCIATES LIMITED PARTNERSHIP)

____

CBL & ASSOCIATES PROPERTIES, INC.
CBL & ASSOCIATES LIMITED PARTNERSHIP
(Exact Name of registrant as specified in its charter)

____

DELAWARE (CBL & ASSOCIATES PROPERTIES, INC.)	62-1545718
DELAWARE (CBL & ASSOCIATES LIMITED PARTNERSHIP)	62-1542285
(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.

CBL & Associates Properties, Inc.	Yes x	No o
CBL & Associates Limited Partnership	Yes x	No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

CBL & Associates Properties, Inc.	Yes x	No o
CBL & Associates Limited Partnership	Yes x	No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.
CBL & Associates Properties, Inc.

Large accelerated filer x	Accelerated filer o	Non-accelerated filer o	Smaller Reporting Company o

CBL & Associates Limited Partnership

Large accelerated filer o	Accelerated filer o	Non-accelerated filer x	Smaller Reporting Company o

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

CBL & Associates Properties, Inc.	Yes o	No x
CBL & Associates Limited Partnership	Yes o	No x

As of November 5, 2014, there were 170,262,878 shares of CBL & Associates Properties, Inc.'s common stock, par value $0.01 per share, outstanding.

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EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended September 30, 2014 of CBL & Associates Properties, Inc. and CBL & Associates Limited Partnership. Unless stated otherwise or the context otherwise requires, references to the "Company" mean CBL & Associates Properties, Inc. and its subsidiaries. References to the "Operating Partnership" mean CBL & Associates Limited Partnership and its subsidiaries. The terms "we," "us" and "our" refer to the Company or the Company and the Operating Partnership collectively, as the context requires.

The Company is a real estate investment trust ("REIT") whose stock is traded on the New York Stock Exchange. The Company is the 100% owner of two qualified REIT subsidiaries, CBL Holdings I, Inc. and CBL Holdings II, Inc. At September 30, 2014, CBL Holdings I, Inc., the sole general partner of the Operating Partnership, owned a 1.0% general partner interest in the Operating Partnership and CBL Holdings II, Inc. owned an 84.3% limited partner interest for a combined interest held by the Company of 85.3%.

As the sole general partner of the Operating Partnership, the Company's subsidiary, CBL Holdings I, Inc., has exclusive control of the Operating Partnership's activities. Management operates the Company and the Operating Partnership as one business. The management of the Company consists of the same individuals that manage the Operating Partnership. The Company's only material asset is its indirect ownership of partnership interests of the Operating Partnership. As a result, the Company conducts substantially all its business through the Operating Partnership as described in the preceding paragraph. The Company also issues public equity from time to time and guarantees certain debt of the Operating Partnership. The Operating Partnership holds all of the assets and indebtedness of the Company and, through affiliates, retains the ownership interests in the Company's joint ventures. Except for the net proceeds of offerings of equity by the Company, which are contributed to the Operating Partnership in exchange for partnership units on a one-for-one basis, the Operating Partnership generates all remaining capital required by the Company's business through its operations and its incurrence of indebtedness.

We believe that combining the two quarterly reports on Form 10-Q for the Company and the Operating Partnership provides the following benefits:

- enhances investors' understanding of the Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner that management views and operates the business;
- eliminates duplicative disclosure and provides a more streamlined and readable presentation, since a substantial portion of the disclosure applies to both the Company and the Operating Partnership; and
- creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

To help investors understand the differences between the Company and the Operating Partnership, this report provides separate condensed consolidated financial statements for the Company and the Operating Partnership. Noncontrolling interests, shareholders' equity and partners' capital are the main areas of difference between the condensed consolidated financial statements of the Company and those of the Operating Partnership. A single set of notes to condensed consolidated financial statements is presented that includes separate discussions for the Company and the Operating Partnership, when applicable. A combined Management's Discussion and Analysis of Financial Condition and Results of Operations section is also included that presents combined information and discrete information related to each entity, as applicable.

In order to highlight the differences between the Company and the Operating Partnership, this report includes the following sections that provide separate financial information for the Company and the Operating Partnership:

- condensed consolidated financial statements;
- certain accompanying notes to condensed consolidated financial statements, including Note 5 - Unconsolidated Affiliates, Redeemable Interests, Noncontrolling Interests and Cost Method Investments; Note 6 - Mortgage and Other Indebtedness; Note 7 - Comprehensive Income; and Note 11 - Earnings Per Share and Earnings Per Unit;
- controls and procedures in Item 4 of Part I of this report; and
- certifications of the Chief Executive Officer and Chief Financial Officer included as Exhibits 31.1 through 32.4.

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CBL & Associates Properties, Inc.
CBL & Associates Limited Partnership
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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)

ASSETS	September 30, 2014	December 31, 2013
Real estate assets:		
Land	$848,596	$858,619
Buildings and improvements	7,138,545	7,125,512
	7,987,141	7,984,131
Accumulated depreciation	(2,183,912)	(2,056,357)
	5,803,229	5,927,774
Developments in progress	151,670	139,383
Net investment in real estate assets	5,954,899	6,067,157
Cash and cash equivalents	45,071	65,500
Receivables:		
Tenant, net of allowance for doubtful accounts of $2,412 and $2,379 in 2014 and 2013, respectively	79,960	79,899
Other, net of allowance for doubtful accounts of $1,158 and $1,241 in 2014 and 2013, respectively	24,412	23,343
Mortgage and other notes receivable	19,513	30,424
Investments in unconsolidated affiliates	269,964	277,146
Intangible lease assets and other assets	238,892	242,502
	$6,632,711	$6,785,971
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Mortgage and other indebtedness	$4,711,421	$4,857,523
Accounts payable and accrued liabilities	347,382	333,875
Total liabilities	5,058,803	5,191,398
Commitments and contingencies (Note 12)		
Redeemable noncontrolling interests	34,843	34,639
Shareholders' equity:		
Preferred stock, $.01 par value, 15,000,000 shares authorized:		
7.375% Series D Cumulative Redeemable Preferred Stock, 1,815,000 shares outstanding	18	18
6.625% Series E Cumulative Redeemable Preferred Stock, 690,000 shares outstanding	7	7
Common stock, $.01 par value, 350,000,000 shares authorized, 170,260,669 and 170,048,144 issued and outstanding in 2014 and 2013, respectively	1,703	1,700
Additional paid-in capital	1,962,187	1,967,644
Accumulated other comprehensive income	12,805	6,325
Dividends in excess of cumulative earnings	(587,000)	(570,781)
Total shareholders' equity	1,389,720	1,404,913
Noncontrolling interests	149,345	155,021

Total equity	1,539,065	1,559,934
	$6,632,711	$6,785,971

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

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CBL & Associates Properties, Inc.
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
REVENUES:				
Minimum rents	$169,097	$167,703	$506,005	$498,632
Percentage rents	3,060	2,797	8,490	9,847
Other rents	3,813	3,837	13,708	13,503
Tenant reimbursements	71,330	70,576	214,322	213,524
Management, development and leasing fees	3,228	3,118	9,176	9,042
Other	8,186	9,518	25,189	27,067
Total revenues	258,714	257,549	776,890	771,615
OPERATING EXPENSES:				
Property operating	36,668	38,375	112,206	111,170
Depreciation and amortization	72,488	68,941	212,180	206,115
Real estate taxes	22,202	22,607	65,638	66,411
Maintenance and repairs	12,603	13,387	41,391	40,808
General and administrative	9,474	10,160	35,583	36,459
Loss on impairment	497	—	17,753	21,038
Other	7,396	6,371	21,331	21,217
Total operating expenses	161,328	159,841	506,082	503,218
Income from operations	97,386	97,708	270,808	268,397
Interest and other income	463	8,809	3,535	10,197
Interest expense	(60,214)	(56,341)	(179,997)	(173,374)
Gain (loss) on extinguishment of debt	18,282	—	60,942	(9,108)
Gain on investment	—	—	—	2,400
Equity in earnings of unconsolidated affiliates	3,936	2,270	11,038	7,618
Income tax provision	(3,083)	(271)	(4,266)	(854)
Income from continuing operations before gain on sales of real estate assets	56,770	52,175	162,060	105,276
Gain on sales of real estate assets	434	58	3,513	1,058
Income from continuing operations	57,204	52,233	165,573	106,334
Operating income (loss) of discontinued operations	78	(8,346)	(480)	(5,195)
Gain on discontinued operations	(2)	290	88	1,162
Net income	57,280	44,177	165,181	102,301
Net income attributable to noncontrolling interests in:				
Operating Partnership	(6,576)	(4,075)	(18,847)	(7,602)
Other consolidated subsidiaries	(1,362)	(5,778)	(3,740)	(18,338)
Net income attributable to the Company	49,342	34,324	142,594	76,361
Preferred dividends	(11,223)	(11,223)	(33,669)	(33,669)
Net income attributable to common shareholders	$38,119	$23,101	$108,925	$42,692

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CBL & Associates Properties, Inc.
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)
(Continued)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Basic and diluted per share data attributable to common shareholders:				
Income from continuing operations, net of preferred dividends	$0.22	$0.18	$0.64	$0.28
Discontinued operations	0.00	(0.04)	0.00	(0.02)
Net income attributable to common shareholders	$0.22	$0.14	$0.64	$0.26
Weighted-average common and potential dilutive common shares outstanding	170,262	169,906	170,242	166,048
Amounts attributable to common shareholders:				
Income from continuing operations, net of preferred dividends	$38,054	$29,965	$109,259	$46,116
Discontinued operations	65	(6,864)	(334)	(3,424)
Net income attributable to common shareholders	$38,119	$23,101	$108,925	$42,692
Dividends declared per common share	$0.245	$0.230	$0.735	$0.690

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

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CBL & Associates Properties, Inc.
Condensed Consolidated Statements of Comprehensive Income
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income	$57,280	$44,177	$165,181	$102,301
Other comprehensive income (loss):				
Unrealized holding gain (loss) on available-for-sale securities	4,044	(1,749)	6,240	(2,000)
Unrealized gain (loss) on hedging instruments	1,148	(451)	3,021	(289)
Reclassification of hedging effect on earnings	(551)	568	(1,650)	1,687
Total other comprehensive income (loss)	4,641	(1,632)	7,611	(602)
Comprehensive income	61,921	42,545	172,792	101,699
Comprehensive income attributable to noncontrolling interests in:				
Operating Partnership	(8,071)	(3,831)	(19,978)	(7,520)
Other consolidated subsidiaries	(1,362)	(5,778)	(3,740)	(18,338)
Comprehensive income attributable to the Company	$52,488	$32,936	$149,074	$75,841

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

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CBL & Associates Properties, Inc.
Condensed Consolidated Statements of Equity
(In thousands, except share data)
(Unaudited)

		Equity							
		Shareholders' Equity							
	Redeemable Noncontrolling Interests	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Dividends in Excess of Cumulative Earnings	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance, January 1, 2013	$ 40,248	$ 25	$ 1,613	$ 1,773,630	$ 6,986	$ (453,561)	$ 1,328,693	$ 192,404	$ 1,521,097
Net income	3,182	—	—	—	—	76,361	76,361	8,114	84,475
Other comprehensive loss	(4)	—	—	—	(520)	—	(520)	(78)	(598)
Redemption of redeemable noncontrolling preferred joint venture interest	—	—	—	10,000	—	—	10,000	—	10,000
Dividends declared - common stock	—	—	—	—	—	(115,870)	(115,870)	—	(115,870)
Dividends declared - preferred stock	—	—	—	—	—	(33,669)	(33,669)	—	(33,669)
Issuances of 8,635,715 shares of common stock and restricted common stock	—	—	86	209,445	—	—	209,531	—	209,531
Cancellation of 39,475 shares of restricted common stock	—	—	—	(711)	—	—	(711)	—	(711)
Amortization of deferred compensation	—	—	—	2,287	—	—	2,287	—	2,287
Distributions to noncontrolling interests	(4,980)	—	—	—	—	—	—	(22,889)	(22,889)
Adjustment for noncontrolling interests	3,803	—	—	(32,135)	—	—	(32,135)	28,388	(3,747)
Adjustment to record	(5,079)	—	—	4,551	—	—	4,551	528	5,079

redeemable noncontrolling interests at redemption value									
Acquire controlling interest in shopping center property	—	—	—	—	—	—	—	(41,444)	(41,444)
Balance, September 30, 2013	$ 37,170	$ 25	$ 1,699	$ 1,967,067	$ 6,466	$ (526,739)	$ 1,448,518	$ 165,023	$ 1,613,541

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CBL & Associates Properties, Inc.
Condensed Consolidated Statements of Equity
(In thousands, except share data)
(Unaudited)
(Continued)

		Equity							
		Shareholders' Equity							
	Redeemable Noncontrolling Interests	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Dividends in Excess of Cumulative Earnings	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance, January 1, 2014	$ 34,639	$25	$1,700	$1,967,644	$ 6,325	$(570,781)	$1,404,913	$ 155,021	$1,559,934
Net income	3,323	—	—	—	—	142,594	142,594	19,264	161,858
Other comprehensive income	60	—	—	—	6,480	—	6,480	1,071	7,551
Dividends declared - common stock	—	—	—	—	—	(125,144)	(125,144)	—	(125,144)
Dividends declared - preferred stock	—	—	—	—	—	(33,669)	(33,669)	—	(33,669)
Issuances of 243,648 shares of common stock and restricted common stock	—	—	3	636	—	—	639	—	639
Cancellation of 31,123 shares of restricted common stock	—	—	—	(369)	—	—	(369)	—	(369)
Amortization of deferred compensation	—	—	—	2,837	—	—	2,837	—	2,837
Redemptions of Operating Partnership common units	—	—	—	—	—	—	—	(4,609)	(4,609)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	938	938
Distributions to noncontrolling interests	(7,083)	—	—	—	—	—	—	(26,997)	(26,997)
	2,193	—	—	(6,865)	—	—	(6,865)	4,672	(2,193)

Adjustment for noncontrolling interests									
Adjustment to record redeemable noncontrolling interests at redemption value	1,711	—	—	(1,696)	—	—	(1,696)	(15)	(1,711)
Balance, September 30, 2014	$ 34,843	$ 25	$ 1,703	$ 1,962,187	$ 12,805	$ (587,000)	$ 1,389,720	$ 149,345	$ 1,539,065

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

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

	Nine Months Ended September 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$165,181	$102,301
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	212,180	212,752
Net amortization of deferred finance costs and debt premiums	4,557	3,651
Net amortization of intangible lease assets and liabilities	535	(111)
Gain on sales of real estate assets	(3,513)	(1,058)
Gain on investment	—	(2,400)
Gain on discontinued operations	(88)	(1,162)
Write-off of development projects	81	141
Share-based compensation expense	3,318	2,308
Loss on impairment	17,753	21,038
Loss on impairment from discontinued operations	681	5,234
(Gain) loss on extinguishment of debt	(60,942)	9,108
Equity in earnings of unconsolidated affiliates	(11,038)	(7,618)
Distributions of earnings from unconsolidated affiliates	14,563	11,225
Provision for doubtful accounts	2,684	1,459
Change in deferred tax accounts	1,241	1,666
Changes in:		
Tenant and other receivables	(4,629)	(7,430)
Other assets	(5,637)	754
Accounts payable and accrued liabilities	(7,593)	(15,821)
Net cash provided by operating activities	329,334	336,037
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to real estate assets	(195,418)	(233,202)
Acquisition of real estate assets	—	(26,444)
Additions to restricted cash	(362)	(2,909)
Proceeds from sales of real estate assets	15,865	219,800
Additions to mortgage and other notes receivable	—	(2,700)
Payments received on mortgage and other notes receivable	20,911	3,743
Proceeds from sales of investments and available-for-sale securities	—	15,877
Additional investments in and advances to unconsolidated affiliates	(12,541)	(31,969)
Distributions in excess of equity in earnings of unconsolidated affiliates	34,695	8,706
Changes in other assets	(6,563)	(14,295)
Net cash used in investing activities	(143,413)	(63,393)

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

	Nine Months Ended September 30, 2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from mortgage and other indebtedness	$429,596	$1,696,913
Principal payments on mortgage and other indebtedness	(437,092)	(1,568,874)
Additions to deferred financing costs	(233)	(3,173)
Prepayment fees on extinguishment of debt	(1,249)	(8,708)
Proceeds from issuances of common stock	131	209,510
Purchase of noncontrolling interest in the Operating Partnership	(4,609)	—
Redemption of redeemable noncontrolling preferred joint venture interest	—	(408,577)
Contributions from noncontrolling interests	11	—
Distributions to noncontrolling interests	(34,145)	(47,450)
Dividends paid to holders of preferred stock	(33,669)	(33,669)
Dividends paid to common shareholders	(125,091)	(112,276)
Net cash used in financing activities	(206,350)	(276,304)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(20,429)	(3,660)
CASH AND CASH EQUIVALENTS, beginning of period	65,500	78,248
CASH AND CASH EQUIVALENTS, end of period	$45,071	$74,588
SUPPLEMENTAL INFORMATION:		
Cash paid for interest, net of amounts capitalized	$171,661	$168,092

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

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CBL & Associates Limited Partnership
Condensed Consolidated Balance Sheets
(In thousands, except unit data)
(Unaudited)

ASSETS	September 30, 2014	December 31, 2013
Real estate assets:		
Land	$848,596	$858,619
Buildings and improvements	7,138,545	7,125,512
	7,987,141	7,984,131
Accumulated depreciation	(2,183,912)	(2,056,357)
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Developments in progress	151,670	139,383
Net investment in real estate assets	5,954,899	6,067,157
Cash and cash equivalents	45,015	65,486
Receivables:		
Tenant, net of allowance for doubtful accounts of $2,412 and $2,379 in 2014 and 2013, respectively	79,960	79,899
Other, net of allowance for doubtful accounts of $1,158 and $1,241 in 2014 and 2013, respectively	24,412	23,343
Mortgage and other notes receivable	19,513	30,424
Investments in unconsolidated affiliates	270,524	277,701
Intangible lease assets and other assets	238,771	242,383
	$6,633,094	$6,786,393
LIABILITIES, REDEEMABLE INTERESTS AND CAPITAL		
Mortgage and other indebtedness	$4,711,421	$4,857,523
Accounts payable and accrued liabilities	347,366	333,876
Total liabilities	5,058,787	5,191,399
Commitments and contingencies (Note 12)		
Redeemable interests:		
Redeemable noncontrolling interests	6,120	5,883
Redeemable common units	28,723	28,756
Total redeemable interests	34,843	34,639
Partners' capital:		
Preferred units	565,212	565,212
Common units:		
General partner	9,592	9,866
Limited partners	934,608	961,175
Accumulated other comprehensive income	12,474	4,923
Total partners' capital	1,521,886	1,541,176
Noncontrolling interests	17,578	19,179
Total capital	1,539,464	1,560,355
	$6,633,094	$6,786,393

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

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CBL & Associates Limited Partnership
Condensed Consolidated Statements of Operations
(In thousands, except per unit data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
REVENUES:				
Minimum rents	$169,097	$167,703	$506,005	$498,632
Percentage rents	3,060	2,797	8,490	9,847
Other rents	3,813	3,837	13,708	13,503
Tenant reimbursements	71,330	70,576	214,322	213,524
Management, development and leasing fees	3,228	3,118	9,176	9,042
Other	8,186	9,518	25,189	27,067
Total revenues	258,714	257,549	776,890	771,615
OPERATING EXPENSES:				
Property operating	36,668	38,375	112,206	111,170
Depreciation and amortization	72,488	68,941	212,180	206,115
Real estate taxes	22,202	22,607	65,638	66,411
Maintenance and repairs	12,603	13,387	41,391	40,808
General and administrative	9,474	10,160	35,583	36,459
Loss on impairment	497	—	17,753	21,038
Other	7,396	6,371	21,331	21,217
Total operating expenses	161,328	159,841	506,082	503,218
Income from operations	97,386	97,708	270,808	268,397
Interest and other income	463	8,809	3,535	10,197
Interest expense	(60,214)	(56,341)	(179,997)	(173,374)
Gain (loss) on extinguishment of debt	18,282	—	60,942	(9,108)
Gain on investment	—	—	—	2,400
Equity in earnings of unconsolidated affiliates	3,936	2,270	11,038	7,618
Income tax provision	(3,083)	(271)	(4,266)	(854)
Income from continuing operations before gain on sales of real estate assets	56,770	52,175	162,060	105,276
Gain on sales of real estate assets	434	58	3,513	1,058
Income from continuing operations	57,204	52,233	165,573	106,334
Operating income (loss) of discontinued operations	78	(8,346)	(480)	(5,195)
Gain on discontinued operations	(2)	290	88	1,162
Net income	57,280	44,177	165,181	102,301
Net income attributable to noncontrolling interests	(1,362)	(5,778)	(3,740)	(18,338)
Net income attributable to the Operating Partnership	55,918	38,399	161,441	83,963
Distributions to preferred unitholders	(11,223)	(11,223)	(33,669)	(33,669)
Net income attributable to common unitholders	$44,695	$27,176	$127,772	$50,294

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CBL & Associates Limited Partnership
Condensed Consolidated Statements of Operations
(In thousands, except per unit data)
(Unaudited)
(Continued)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Basic and diluted per unit data attributable to common unitholders:				
Income from continuing operations, net of preferred distributions	$0.22	$0.17	$0.64	$0.27
Discontinued operations	0.00	(0.03)	0.00	(0.01)
Net income attributable to common unitholders	$0.22	$0.14	$0.64	$0.26
Weighted-average common and potential dilutive common units outstanding	199,631	199,451	199,699	195,594
Amounts attributable to common unitholders:				
Income from continuing operations, net of preferred distributions	$44,630	$34,040	$128,106	$53,718
Discontinued operations	65	(6,864)	(334)	(3,424)
Net income attributable to common unitholders	$44,695	$27,176	$127,772	$50,294
Distributions declared per common unit	$0.253	$0.230	$0.759	$0.690

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

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CBL & Associates Limited Partnership
Condensed Consolidated Statements of Comprehensive Income
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income	$57,280	$44,177	$165,181	$102,301
Other comprehensive income:				
Unrealized holding gain (loss) on available-for-sale securities	4,044	(1,749)	6,240	(2,000)
Unrealized loss on hedging instruments	1,148	(451)	3,021	(289)
Reclassification of hedging effect on earnings	(551)	568	(1,650)	1,687
Total other comprehensive income (loss)	4,641	(1,632)	7,611	(602)
Comprehensive income	61,921	42,545	172,792	101,699
Comprehensive income attributable to noncontrolling interests	(1,362)	(5,778)	(3,740)	(18,338)
Comprehensive income of the Operating Partnership	$60,559	$36,767	$169,052	$83,361

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

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CBL & Associates Limited Partnership
Condensed Consolidated Statements of Capital
(in thousands)
(Unaudited)

	Redeemable Interests			Number of			Common Units				
	Redeemable Noncontrolling Interests	Redeemable Common Units	Total Redeemable Interests	Preferred Units	Common Units	Preferred Units	General Partner	Limited Partners	Accumulated Other Comprehensive Income	Total Partners' Capital	Non Inte
Balance, January 1, 2013	$6,413	$33,835	$40,248	25,050	190,855	$565,212	$9,904	$877,363	$5,685	$1,458,164	$63
Net income	2,780	402	3,182	—	—	33,669	523	49,369	—	83,561	914
Other comprehensive loss	—	(4)	(4)	—	—	—	—	—	(598)	(598)	—
Redemption of redeemable noncontrolling preferred joint venture interest	—	—	—	—	—	—	105	9,895	—	10,000	—
Distributions declared - common units	—	—	—	—	—	—	(1,388)	(114,482)	—	(115,870)	—
Distributions declared - preferred units	—	—	—	—	—	(33,669)	—		—	(33,669)	—
Issuances of common units	—	—	—	—	8,635	—	—	209,531	—	209,531	—
Cancellation of restricted common stock	—	—	—	—	(39)	—	—	(711)	—	(711)	—
Amortization of deferred compensation	—	—	—	—	—	—	24	2,263	—	2,287	—
Distributions to noncontrolling interests	(1,551)	(3,429)	(4,980)	—	—	—	(229)	(21,639)	—	(21,868)	(966
Allocation of partners' capital	—	3,803	3,803	—	—	—	1,710	(5,651)	—	(3,941)	—
Adjustment to record redeemable interests at redemption value	(1,009)	(4,070)	(5,079)	—	—	—	53	5,026	—	5,079	—
Acquire controlling interest in	—	—	—	—	—	—	—	—	—	—	(41,

shopping center properties											
Balance, September 30, 2013	$6,633	$30,537	$37,170	25,050	199,451	$565,212	$10,702	$1,010,964	$5,087	$1,591,965	$22

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CBL & Associates Limited Partnership
Condensed Consolidated Statements of Capital
(in thousands)
(Unaudited)
(Continued)

	Redeemable Interests			Number of		Common Units					
	Redeemable Noncontrolling Interests	Redeemable Common Units	Total Redeemable Interests	Preferred Units	Common Units	Preferred Units	General Partner	Limited Partners	Accumulated Other Comprehensive Income	Total Partners' Capital	Nonco Interes
Balance, January 1, 2014	$5,883	$28,756	$34,639	25,050	199,593	$565,212	$9,866	$961,175	$4,923	$1,541,176	$19,17
Net income	2,324	999	3,323	—	—	33,669	1,301	125,472	—	160,442	1,416
Other comprehensive income	—	60	60	—	—	—	—	—	7,551	7,551	—
Distributions declared - common units	—	(3,411)	(3,411)	—	—	—	(1,479)	(146,707)	—	(148,186)	—
Distributions declared - preferred units	—	—	—	—	—	(33,669)	—	—	—	(33,669)	—
Issuances of common units	—	—	—	—	244	—	—	639	—	639	—
Redemptions of common units	—	—	—	—	(171)	—	—	(4,609)	—	(4,609)	—
Cancellation of restricted common stock	—	—	—	—	(31)	—	—	(369)	—	(369)	—
Amortization of deferred compensation	—	—	—	—	—	—	29	2,808	—	2,837	—
Contributions from noncontrolling interests	—	—	—	—	—	—	—	—	—	—	938
Distributions to noncontrolling interests	(3,672)	—	(3,672)	—	—	—	—	—	—	—	(3,955
Allocation of partners' capital	—	2,193	2,193	—	—	—	(107)	(2,108)	—	(2,215)	—
Adjustment to record redeemable interests at redemption value	1,585	126	1,711	—	—	—	(18)	(1,693)	—	(1,711)	—
	$6,120	$28,723	$34,843	25,050	199,635	$565,212	$9,592	$934,608	$12,474	$1,521,886	$17,57

Balance,
September 30,
2014

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

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CBL & Associates Limited Partnership
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$165,181	$102,301
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	212,180	212,752
Net amortization of deferred finance costs and debt premiums	4,557	3,651
Net amortization of intangible lease assets and liabilities	535	(111)
Gain on sales of real estate assets	(3,513)	(1,058)
Gain on investment	—	(2,400)
Gain on discontinued operations	(88)	(1,162)
Write-off of development projects	81	141
Share-based compensation expense	3,318	2,308
Loss on impairment	17,753	21,038
Loss on impairment from discontinued operations	681	5,234
(Gain) loss on extinguishment of debt	(60,942)	9,108
Equity in earnings of unconsolidated affiliates	(11,038)	(7,618)
Distributions of earnings from unconsolidated affiliates	14,559	11,225
Provision for doubtful accounts	2,684	1,459
Change in deferred tax accounts	1,241	1,666
Changes in:		
Tenant and other receivables	(4,629)	(7,430)
Other assets	(5,637)	815
Accounts payable and accrued liabilities	(7,631)	(15,888)
Net cash provided by operating activities	329,292	336,031
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to real estate assets	(195,418)	(233,202)
Acquisition of real estate assets	—	(26,444)
Additions to restricted cash	(362)	(2,909)
Proceeds from sales of real estate assets	15,865	219,800
Additions to mortgage and other notes receivable	—	(2,700)
Payments received on mortgage and other notes receivable	20,911	3,743
Proceeds from sales of investments and available-for-sale securities	—	15,877
Additional investments in and advances to unconsolidated affiliates	(12,541)	(31,969)
Distributions in excess of equity in earnings of unconsolidated affiliates	34,695	8,706
Changes in other assets	(6,563)	(14,295)
Net cash used in investing activities	(143,413)	(63,393)

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CBL & Associates Limited Partnership
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)
(Continued)

	Nine Months Ended September 30, 2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from mortgage and other indebtedness	$429,596	$1,696,913
Principal payments on mortgage and other indebtedness	(437,092)	(1,568,874)
Additions to deferred financing costs	(233)	(3,173)
Prepayment fees on extinguishment of debt	(1,249)	(8,708)
Proceeds from issuances of common units	131	209,510
Redemption of common units	(4,609)	—
Contributions from noncontrolling interests	11	—
Redemption of redeemable noncontrolling preferred joint venture interest	—	(408,577)
Distributions to noncontrolling interests	(34,145)	(22,310)
Distributions to preferred unitholders	(33,669)	(33,669)
Distributions to common unitholders	(125,091)	(137,416)
Net cash used in financing activities	(206,350)	(276,304)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(20,471)	(3,666)
CASH AND CASH EQUIVALENTS, beginning of period	65,486	78,244
CASH AND CASH EQUIVALENTS, end of period	$45,015	$74,578
SUPPLEMENTAL INFORMATION:		
Cash paid for interest, net of amounts capitalized	$171,661	$168,092

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

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CBL & Associates Properties, Inc.
CBL & Associates Limited Partnership
Notes to Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per share and per unit 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, outlet centers, associated centers, community centers and office properties. Its properties are located in 27 states, but are primarily in the southeastern and midwestern United States.

CBL conducts substantially all of its business through CBL & Associates Limited Partnership (the “Operating Partnership”). 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 ("VIE"). As of September 30, 2014, the Operating Partnership owned interests in the following properties:

	Malls (1)	Associated Centers	Community Centers	Office Buildings (2)	Total
Consolidated properties	73	25	6	8	112
Unconsolidated properties (3)	9	4	5	5	23
Total	82	29	11	13	135

(1) Category consists of regional malls, open-air centers and outlet centers (including one mixed-use center).
(2) Includes CBL's corporate office building.
(3) The Operating Partnership accounts for these investments using the equity method because one or more of the other partners have substantive participating rights.

At September 30, 2014, the Operating Partnership had interests in the following properties under development:

	Consolidated Properties			Unconsolidated Properties	
	Malls	Associated Centers	Community Centers	Malls	Community Centers
Development	—	—	1	—	—
Expansions	—	—	—	—	2
Redevelopment	2	1	—	1	—

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, 2014, CBL Holdings I, Inc., the sole general partner of the Operating Partnership, owned a 1.0% general partner interest in the Operating Partnership and CBL Holdings II, Inc. owned an 84.3% limited partner interest for a combined interest held by CBL of 85.3%.

As used herein, the term "Company" includes CBL & Associates Properties, Inc. and its subsidiaries, including CBL & Associates Limited Partnership and its subsidiaries, unless the context indicates otherwise. The term "Operating Partnership" refers to CBL & Associates Limited Partnership and its subsidiaries.

The noncontrolling interest in the Operating Partnership is held by CBL & Associates, Inc., its shareholders and affiliates and certain senior officers of the Company (collectively "CBL's Predecessor"), all of which 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, and by various third parties. At September 30, 2014, CBL’s Predecessor owned a 9.1% limited partner interest and third parties owned a 5.6% limited partner interest in the Operating Partnership. CBL's Predecessor also owned 3.4 million shares of CBL’s common stock at September 30, 2014, for a total combined effective interest of 10.8% in the Operating Partnership.

The Operating Partnership conducts the Company's property management and development activities through its wholly-owned subsidiary, CBL & Associates Management, Inc. (the "Management Company"), to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code").

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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 ("GAAP") for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the disclosures required by GAAP 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. All intercompany transactions have been eliminated. The results for the interim period ended September 30, 2014 are not necessarily indicative of the results to be obtained for the full fiscal year.

Certain historical amounts have been reclassified to conform to the current year's presentation. The financial results of certain properties that met the criteria for classification as discontinued operations, prior to the adoption of Accounting Standards Update ("ASU") 2014-08, Reporting Discontinued Operations and Disclosures of Components of an Entity ("ASU 2014-08") in the first quarter of 2014, have been classified as discontinued operations in the condensed consolidated financial statements for all periods presented herein. Except where noted, the information presented in the Notes to Unaudited Condensed Consolidated Financial Statements excludes discontinued operations.

These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in its Annual Report on Form 10-K for the year ended December 31, 2013.

Note 2 – Recent Accounting Pronouncements

Accounting Guidance Adopted

In February 2013, the Financial Accounting Standards Board ("FASB") issued ASU 2013-04, Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date ("ASU 2013-04"). ASU 2013-04 addresses the diversity in practice related to the recognition, measurement and disclosure of certain obligations which are not addressed within existing GAAP guidance. Such obligations under the scope of ASU 2013-04 include debt arrangements, other contractual obligations, settled litigation and judicial rulings. The guidance requires an entity to measure these joint and several obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors as well as any additional amount the reporting entity expects to pay on behalf of its co-obligors. ASU 2013-04 also requires an entity to disclose information about the nature and amount of these obligations. For public companies, ASU 2013-04 was effective on a retrospective basis for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of ASU 2013-04 did not have an impact on the Company's condensed consolidated financial statements.

In July 2013, the FASB issued ASU 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists ("ASU 2013-11"). The objective of this update is to reduce the diversity in practice related to the presentation of certain unrecognized tax benefits. ASU 2013-11 provides that unrecognized tax benefits are to be presented as a reduction of a deferred tax asset for a net operating loss ("NOL") carryforward, a similar tax loss or a tax credit carryforward when settlement in this manner is available under the governing tax law. To the extent such an NOL carryforward, a similar tax loss or a tax credit carryforward is not available at the reporting date under the governing tax law to settle taxes that would result from the disallowance of the tax position or the entity does not intend to use the deferred tax asset for this purpose, the unrecognized tax benefit is to be recorded as a liability in the financial statements and should not be netted with a deferred tax asset. ASU 2013-11 was effective for public companies for fiscal years beginning after December 15, 2013 and interim periods within those years. The guidance is applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application was permitted. The adoption of ASU 2013-11 did not have an impact on the Company's condensed consolidated financial statements.

In April 2014, the FASB issued ASU 2014-08. This update changes the criteria for reporting discontinued operations and provides enhanced disclosures about the financial effects of discontinued operations. The intent of the guidance is to require an entity to classify disposals as discontinued operations only when they clearly represent a major strategic business shift such as a disposal of a line of business, significant geographical area or major equity method investment. For significant disposals not classified as discontinued operations, ASU 2014-08 requires the disclosure of the pre-tax income or loss attributable to the disposal for the period in which it is disposed of (or is classified as held for sale) and for all prior periods that are presented. If a significant disposal not classified as discontinued operations includes a noncontrolling interest, the pre-tax income or loss attributable to the parent for the period in which it is disposed of or is classified as held for sale is disclosed. For public companies, ASU 2014-08 is effective on a prospective basis for all disposals (or classifications as held for sale) that occur within annual periods beginning on or after December 15, 2014 and interim periods within those years. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. The Company elected to adopt this guidance in the first quarter of 2014. The Company expects the majority of its disposals in the future will not meet the criteria under ASU 2014-08 to be classified as discontinued operations, which will reduce the requirement to reclassify discontinued operations for both the period of disposal (or classification as held for sale) and for comparative periods.

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Accounting Guidance Not Yet Effective

In May 2014, the FASB and the International Accounting Standards Board jointly issued ASU 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"). The objective of this converged standard is to enable financial statement users to better understand and analyze revenue by replacing current transaction and industry-specific guidance with a more principles-based approach to revenue recognition. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that the entity expects to be entitled to receive in exchange for those goods or services. The guidance also requires additional disclosure about the nature, timing and uncertainty of revenue and cash flows arising from customer contracts. ASU 2014-09 applies to all contracts with customers except those that are within the scope of other guidance such as lease and insurance contracts. For public companies, ASU 2014-09 is effective for annual periods beginning after December 15, 2016 and interim periods within those years using one of two retrospective application methods. Early adoption is not permitted. The Company is evaluating the impact that this update may have on its consolidated financial statements.

Note 3 – Fair Value Measurements

The Company has categorized its financial assets and financial liabilities that are recorded at fair value into a hierarchy in accordance with Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosure, ("ASC 820") based on whether the inputs to valuation techniques are observable or unobservable. The fair value hierarchy contains three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs represent quoted prices in active markets for identical assets and liabilities as of the measurement date.

Level 2 – Inputs, other than those included in Level 1, represent observable measurements for similar instruments in active markets, or identical or similar instruments in markets that are not active, and observable measurements or market data for instruments with substantially the full term of the asset or liability.

Level 3 – Inputs represent unobservable measurements, supported by little, if any, market activity, and require considerable assumptions that are significant to the fair value of the asset or liability. Market valuations must often be determined using discounted cash flow methodologies, pricing models or similar techniques based on the Company’s assumptions and best judgment.

The asset or liability's fair value within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Under ASC 820, fair value measurements are determined based on the assumptions that market participants would use in pricing the asset or liability in an orderly transaction at the measurement date. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs and consider assumptions such as inherent risk, transfer restrictions, and risk of nonperformance.

Fair Value Measurements on a Recurring Basis

The following tables set forth information regarding the Company’s financial instruments that are measured at fair value on a recurring basis in the accompanying condensed consolidated balance sheets as of September 30, 2014 and December 31, 2013:

		Fair Value Measurements at Reporting Date Using		
	Fair Value at September 30, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Available-for-sale securities	$20,213	$20,213	$—	$—

Liabilities:				
Interest rate swaps	$2,637	$—	$2,637	$—

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		Fair Value Measurements at Reporting Date Using		
	Fair Value at December 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Available-for-sale securities	$13,973	$13,973	$—	$—
Interest rate cap	—	—	—	—
Liabilities:				
Interest rate swaps	$4,007	—	$4,007	$—

The Company recognizes transfers in and out of every level at the end of each reporting period. There were no transfers between Levels 1, 2, or 3 for any periods presented.

Intangible lease assets and other assets in the condensed consolidated balance sheets include marketable securities consisting of corporate equity securities that are classified as available-for-sale. Net unrealized gains and losses on available-for-sale securities that are deemed to be temporary in nature are recorded as a component of AOCI in redeemable noncontrolling interests, shareholders' equity and partners' capital, and noncontrolling interests. If a decline in the value of an investment is deemed to be other than temporary, the investment is written down to fair value and an impairment loss is recognized in the current period to the extent of the decline in value. During the three and nine month periods ended September 30, 2014 and 2013, the Company did not record any write-downs related to other-than-temporary impairments. The Company did not recognize any realized gains or losses related to sales of marketable securities during the three and nine month periods ended September 30, 2014 and 2013. The fair values of the Company's available-for-sale securities are based on quoted market prices and are classified under Level 1.

The following is a summary of the available-for-sale securities held by the Company as of September 30, 2014 and December 31, 2013:

		Gross Unrealized		
	Adjusted Cost	Gains	Losses	Fair Value
September 30, 2014:				
Common stocks	$4,195	$16,018	$—	$20,213

		Gross Unrealized		
	Adjusted Cost	Gains	Losses	Fair Value
December 31, 2013:				
Common stocks	$4,195	$9,778	$—	$13,973

The Company uses interest rate swaps and caps to mitigate the effect of interest rate movements on its variable-rate debt. The Company had four interest rate swaps as of September 30, 2014 and four interest rate swaps and one interest rate cap as of December 31, 2013, that qualified as hedging instruments and were designated as cash flow hedges. The interest rate cap is included in intangible lease assets and other assets and the interest rate swaps are reflected in accounts payable and accrued liabilities in the accompanying condensed consolidated balance sheets. The swaps and cap have met the effectiveness test criteria since inception and changes in their fair values are, thus, reported in other comprehensive income (loss) ("OCI/L") and are reclassified into earnings in the same period or periods during which the hedged items affect earnings. The fair values of the Company's interest rate hedges, classified under Level 2, are determined based on prevailing market data for contracts with matching durations, current and anticipated LIBOR information, consideration of the Company's credit standing, credit risk of the counterparties and reasonable estimates about relevant future market conditions. See Note 6 for further information regarding the Company's interest rate hedging instruments.

The carrying values of cash and cash equivalents, receivables, accounts payable and accrued liabilities are reasonable estimates of their fair values because of the short-term nature of these financial instruments. Based on the interest rates for similar financial instruments, the carrying value of mortgage and other notes receivable is a reasonable estimate of fair value. The estimated fair value of mortgage and other indebtedness was $4,905,034 and $5,126,300 at September 30, 2014 and December 31, 2013,

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respectively. The fair value was calculated using Level 2 inputs by discounting future cash flows for mortgage and other indebtedness using estimated market rates at which similar loans would be made currently. The carrying amount of mortgage and other indebtedness was $4,711,421 and $4,857,523 at September 30, 2014 and December 31, 2013, respectively.

Fair Value Measurements on a Nonrecurring Basis

The Company measures the fair value of certain long-lived assets on a nonrecurring basis, through quarterly impairment testing or when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The Company considers both quantitative and qualitative factors in its impairment analysis of long-lived assets. Significant quantitative factors include historical and forecasted information for each property such as net operating income ("NOI"), occupancy statistics and sales levels. Significant qualitative factors used include market conditions, age and condition of the property and tenant mix. Due to the significant unobservable estimates and assumptions used in the valuation of long-lived assets that experience impairment, the Company classifies such long-lived assets under Level 3 in the fair value hierarchy. The fair value analysis as of September 30, 2014 used various probability-weighted scenarios comparing the property's net book value to the sum of its estimated fair value. Assumptions included up to a 10-year holding period with a sale at the end of the holding period and capitalization rates ranging from 9% to 12%.

The following table sets forth information regarding the Company's assets that are measured at fair value on a nonrecurring basis:

		Fair Value Measurements at Reporting Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Loss
2014:					
Long-lived assets	$—	$—	$—	$—	$ 17,753

Long-lived Assets Measured at Fair Value in 2014

During the nine months ended September 30, 2014, the Company wrote down three properties to their estimated fair values. These properties were Chapel Hill Mall, Lakeshore Mall and Pemberton Plaza. All three of these properties were disposed of as of September 30, 2014 as described below.

In accordance with the Company's quarterly impairment review process, the Company recorded a non-cash impairment of real estate of $12,050 in the first quarter of 2014 related to Chapel Hill Mall, located in Akron, OH, to write-down the depreciated book value to its estimated fair value of $53,348 as of March 31, 2014. The mall had experienced declining cash flows which were insufficient to cover the debt service on the mortgage secured by the property and the non-recourse loan was in default. In September 2014, the Company conveyed Chapel Hill Mall to the lender by a deed-in-lieu of foreclosure. See Note 6 for additional information.

The Company recognized a non-cash impairment of real estate of $5,100 when it adjusted the book value of Lakeshore Mall, located in Sebring, FL, to its estimated fair value of $13,780 based on a binding purchase agreement signed in April 2014. The sale closed in May 2014 and the Company recognized an impairment loss of $106 in the second quarter of 2014 as a result of additional closing costs.

In September 2014, the Company recognized an impairment loss of $497 to true-up the fair value of Pemberton Plaza, a community center located in Vicksburg, MS, to its net sales price. See Note 4 for further information on this sale.

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Note 4 – Disposals and Discontinued Operations

In the first quarter of 2014, the Company adopted ASU 2014-08, which changed the definition and criteria of property disposals classified as discontinued operations, on a prospective basis. As a result of applying this accounting guidance, the 2014 disposals listed below were not reclassified to discontinued operations as the 2013 disposals were.

2014 Dispositions

The results of operations of the properties described below, as well as any gain on extinguishment of debt and impairment losses related to those properties, are included in income from continuing operations for all periods presented, as applicable. Net proceeds from these 2014 dispositions were used to reduce the outstanding balances on the Company's credit facilities, unless otherwise noted. The following is a summary of the Company's 2014 dispositions:

				Sales Price		
Sales Date	Property	Property Type	Location	Gross	Net	Gain
2014 Activity:						
September	Pemberton Plaza (1)	Community Center	Vicksburg, MS	$1,975	$1,886	$—
June	Foothills Plaza Expansion	Associated Center	Maryville, TN	2,640	2,387	934
May	Lakeshore Mall (2)	Mall	Sebring, FL	14,000	13,613	—
				$18,615	$17,886	$934

(1) The Company recognized a loss on impairment of real estate of $497 in the third quarter of 2014 when it adjusted the book value of Pemberton Plaza to its net sales price. The sale closed in September 2014.

(2) The gross sales price of $14,000 consisted of a $10,000 promissory note and $4,000 in cash. See Note 8 for additional information about the note receivable. The Company recognized a loss on impairment of real estate of $5,100 in the first quarter of 2014 when it adjusted the book value of Lakeshore Mall to its estimated fair value of $13,780 based on a binding purchase agreement signed in April 2014. The sale closed in May 2014 and the Company recognized an impairment loss of $106 in the second quarter of 2014 as a result of additional closing costs.

In September 2014, the Company conveyed Chapel Hill Mall to the mortgage lender by a deed-in-lieu of foreclosure. The mortgage loan was non-recourse and had a balance of $68,563. The Company recorded a non-cash impairment of real estate of $12,050 in the first quarter of 2014 to write down the book value of this property to its then estimated fair value. As a result of the conveyance, the Company recognized a gain on extinguishment of debt of $18,259 million in the third quarter of 2014 representing the difference between the debt extinguished over the net book value of the property as of the transfer date. See Note 6 for additional information.

In January 2014, the mortgage lender for Citadel Mall completed the foreclosure on the property. The lender received the title in satisfaction of the non-recourse debt which had a balance of $68,169. A non-cash loss on impairment of $20,453 was recorded in the second quarter of 2013 to write down the book value of this property to its then estimated fair value. In the nine months ended September 30, 2014, the Company recognized a non-cash gain on extinguishment of debt of $43,932 representing the amount by which the outstanding debt balance exceeded the net book value of the property as of the transfer date. See Note 6 for additional information.

See Note 16 for information on a disposition that occurred subsequent to September 30, 2014.

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2013 Dispositions

The results of operations of the properties described below, as well as any gains or impairment losses related to those properties, are included in discontinued operations for all periods presented, as applicable. Net proceeds from these 2013 dispositions were used to reduce the outstanding balances on the Company's credit facilities. The following is a summary of the Company's 2013 dispositions:

				Sales Price		Gain/
Sales Date	Property	Property Type	Location	Gross	Net	(Loss)
2013 Activity:						
August	Georgia Square & Georgia Square Plaza, Panama City Mall & The Shoppes at Panama City, RiverGate Mall and Village at RiverGate (1)	Mall & Associated Center	Athens, GA Panama City, FL Nashville, TN	$176,000	$171,977	$—
March	1500 Sunday Drive	Office Building	Raleigh, NC	8,300	7,862	(549)
March	Peninsula I & II	Office Building	Newport News, VA	5,250	5,121	598
January	Lake Point & SunTrust	Office Building	Greensboro, NC	30,875	30,490	823
December 2008	706 & 708 Green Valley Road (2)	Office Building	Greensboro, NC			281
	Various (3)					9
				$220,425	$215,450	$1,162

(1) Net loss on impairment of $5,234 recorded in the third quarter of 2013 to write down the book value of six properties sold in a portfolio sale to the net sales price.

(2) Recognition of gain deferred in December 2008 upon repayment of the notes receivable taken as part of the sales price consideration.

(3) Reflects subsequent true-ups for settlement of estimated expenses based on actual amounts.

Total revenues of the properties described above that are included in discontinued operations were $1,911 and $16,678 for the three and nine month periods ended September 30, 2013. The total net investment in real estate assets at the time of sale for the properties sold during the nine months ended September 30, 2013 was $219,829. There were no outstanding mortgage loans for any of the properties that were sold during the nine months ended September 30, 2013. Discontinued operations for the three and nine month periods ended September 30, 2014 and 2013 also include settlements of estimated expenses based on actual amounts for properties sold during previous periods.

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Note 5 – Unconsolidated Affiliates, Redeemable Interests, Noncontrolling Interests and Cost Method Investments

Unconsolidated Affiliates

At September 30, 2014, the Company had investments in the following 17 entities, which are accounted for using the equity method of accounting:

Joint Venture	Property Name	Company's Interest
CBL/T-C, LLC	CoolSprings Galleria, Oak Park Mall and West County Center	50.0%
CBL-TRS Joint Venture, LLC	Friendly Center, The Shops at Friendly Center and a portfolio of four office buildings	50.0%
CBL-TRS Joint Venture II, LLC	Renaissance Center	50.0%
El Paso Outlet Outparcels, LLC	The Outlet Shoppes at El Paso (vacant land)	50.0%
Fremaux Town Center JV, LLC	Fremaux Town Center Phases I and II	65.0%
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%
High Pointe Commons II-HAP, LP	High Pointe Commons - Christmas Tree Shop	50.0%
JG Gulf Coast Town Center LLC	Gulf Coast Town Center	50.0%
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 (Coastal Grand Crossing and vacant land)	50.0%
Port Orange I, LLC	The Pavilion at Port Orange Phase I and one office building	50.0%
Triangle Town Member LLC	Triangle Town Center, Triangle Town Commons and Triangle Town Place	50.0%
West Melbourne I, LLC	Hammock Landing Phases I and II	50.0%
York Town Center, LP	York Town Center	50.0%

Although the Company had majority ownership of certain joint ventures during 2014 and 2013, it evaluated the investments and concluded that the other partners or owners in these joint ventures had substantive participating rights, such as approvals of:

- the pro forma for the development and construction of the project and any material deviations or modifications thereto;
- the site plan and any material deviations or modifications thereto;
- the conceptual design of the project and the initial plans and specifications for the project and any material deviations or modifications thereto;
- any acquisition/construction loans or any permanent financings/refinancings;
- the annual operating budgets and any material deviations or modifications thereto;
- the initial leasing plan and leasing parameters and any material deviations or modifications thereto; and
- any material acquisitions or dispositions with respect to the project.

As a result of the joint control over these joint ventures, the Company accounts for these investments using the equity method of accounting.

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Condensed combined financial statement information of these unconsolidated affiliates is as follows:

	As of September 30, 2014	December 31, 2013
ASSETS		
Investment in real estate assets	$2,243,113	$2,167,227
Accumulated depreciation	(603,622)	(555,174)
	1,639,491	1,612,053
Developments in progress	57,875	103,161
Net investment in real estate assets	1,697,366	1,715,214
Other assets	183,920	168,799
Total assets	$1,881,286	$1,884,013
LIABILITIES		
Mortgage and other indebtedness	$1,505,907	$1,468,422
Other liabilities	47,765	48,203
Total liabilities	1,553,672	1,516,625
OWNERS' EQUITY		
The Company	187,714	213,664
Other investors	139,900	153,724
Total owners' equity	327,614	367,388
Total liabilities and owners' equity	$1,881,286	$1,884,013

	Total for the Three Months Ended September 30,		Company's Share for the Three Months Ended September 30,	
	2014	2013	2014	2013
Total revenues	$61,781	$59,348	$32,371	$30,556
Depreciation and amortization	(19,776)	(18,889)	(10,537)	(9,877)
Interest income	336	340	257	242
Interest expense	(18,861)	(19,150)	(9,719)	(9,840)
Operating expenses	(17,788)	(18,045)	(9,134)	(8,822)
Gain on sales of real estate assets	1,119	21	698	11
Net income	$6,811	$3,625	$3,936	$2,270

	Total for the Nine Months Ended September 30,		Company's Share for the Nine Months Ended September 30,	
	2014	2013	2014	2013
Total revenues	$185,002	$180,091	$96,389	$93,002
Depreciation and amortization	(57,793)	(57,158)	(30,654)	(29,748)
Interest income	1,015	1,017	775	713
Interest expense	(56,165)	(57,861)	(28,872)	(29,677)
Operating expenses	(53,457)	(54,240)	(27,298)	(26,683)
Gain on sales of real estate assets	1,119	21	698	11
Net income	$19,721	$11,870	$11,038	$7,618

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2014 Financing

The following table presents the loan activity of the Company's unconsolidated affiliates since January 1, 2014:

Date	Property	Stated Interest Rate	Maturity Date [1]		Amount Financed or Extended
August	Fremaux Town Center - Phase I [2]	LIBOR + 2.0%	August 2016	[3]	$47,291
August	Fremaux Town Center - Phase II [4]	LIBOR + 2.0%	August 2016	[3]	32,100
July	Coastal Grand-Myrtle Beach [5]	4.09%	August 2024		126,000
February	Fremaux Town Center - Phase I [6]	LIBOR + 2.125%	March 2016		47,291

(1) Excludes any extension options.

(2) Fremaux Town Center JV, LLC ("Fremaux") amended and modified its Phase I construction loan to change the maturity date and interest rate. Additionally, the Company's guarantee of the loan was reduced from 100% to 50% of the outstanding principal loan amount. See Note 12 for further information on future guarantee reductions.

(3) The construction loan has two one-year extension options, which are at the joint venture's election, for an outside maturity date of August 2018.

(4) The Company has guaranteed 100% of the construction loan. See Note 12 for further information on future guarantee reductions.

(5) Two subsidiaries of Mall of South Carolina L.P. and Mall of South Carolina Outparcel L.P., closed on a non-recourse loan, secured by Coastal Grand-Myrtle Beach in Myrtle Beach, SC. Net proceeds were used to retire the outstanding borrowings under the previous loan, which had a balance of $75,238 as well as to pay off $18,000 of subordinated notes to the Company and its joint venture partner, each of which held $9,000. See Note 8 for additional information. Excess proceeds were distributed 50/50 to the Company and its partner.

(6) Fremaux amended and restated its March 2013 loan agreement to increase the capacity on its construction loan from $46,000 to $47,291 for additional development costs related to Fremaux Town Center. The Company had guaranteed 100% of the loan. The construction loan had two one-year extension options, which were at the joint venture's election, for an outside maturity date of March 2018. See Note 2 and Note 3 above for information on the extension and modification of the Phase I loan in August 2014.

All of the debt on the properties owned by the unconsolidated affiliates is non-recourse, except for Fremaux Phases I and II, West Melbourne, Port Orange, and Gulf Coast Phase III. See Note 12 for a description of guarantees the Company has issued related to certain unconsolidated affiliates.

CBL/T-C, LLC

In accordance with the terms of the joint venture agreement, the Company elected to purchase TIAA-CREF's 12.0% interest in Pearland Town Center in the first quarter of 2014 for $17,948. This amount represented the noncontrolling partner's unreturned equity contribution related to Pearland Town Center, which was accounted for as a financing obligation, plus accrued and unpaid preferred return at a rate of 8.0%.

Redeemable Interests

Redeemable common units of $28,723 and $28,756 at September 30, 2014 and December 31, 2013, respectively, include a partnership interest in the Operating Partnership for which the partnership agreement includes redemption provisions that may require the Operating Partnership to redeem the partnership interest for real property.

Redeemable noncontrolling interests of $6,120 and $5,883 at September 30, 2014 and December 31, 2013, respectively, include the aggregate noncontrolling ownership interest in consolidated subsidiaries that is held by third parties and for which the related partnership agreements contain redemption provisions at the holder's election that allow for redemption through cash and/or properties.

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The redeemable noncontrolling interests in other consolidated subsidiaries includes the third party interest in the Company's subsidiary that provides security and maintenance services and also included, prior to their redemption by the Company in September 2013, the perpetual preferred joint venture units (“PJV units”) issued to the Westfield Group (“Westfield”) for its preferred interest in CW Joint Venture, LLC ("CWJV"), a Company-controlled entity, consisting of four of the Company's other consolidated subsidiaries. The 2013 activity related to the redeemable noncontrolling preferred joint venture interest represented by the PJV units that the Company redeemed in September 2013 is as follows:

	Nine Months Ended September 30, 2013	
Beginning Balance	$423,834	
Net income attributable to redeemable noncontrolling preferred joint venture interest	14,637	
Distributions to redeemable noncontrolling preferred joint venture interest	(19,894	)
Reduction to preferred liquidation value of PJV units	(10,000	)
Redemption of noncontrolling preferred joint venture interest	(408,577	)
Ending Balance	$—	

Noncontrolling Interests of the Operating Partnership

Noncontrolling interests include the aggregate noncontrolling ownership interest in the Operating Partnership's consolidated subsidiaries that is held by third parties and for which the related partnership agreements either do not include redemption provisions or are subject to redemption provisions that do not require classification outside of permanent equity. Total noncontrolling interest was $17,578 and $19,179, as of September 30, 2014 and December 31, 2013, respectively.

Noncontrolling Interests of the Company

The noncontrolling interests of the Company include the third party interests discussed above as well as the aggregate noncontrolling partnership interest in the Operating Partnership that is not owned by the Company and for which each of the noncontrolling limited partners has the right to exchange all or a portion of its partnership interests for shares of the Company’s common stock or, at the Company’s election, their cash equivalent. As of September 30, 2014, the Company's total noncontrolling interests of $149,345 consisted of noncontrolling interests in the Operating Partnership and in other consolidated subsidiaries of $131,767 and $17,578, respectively. The Company's total noncontrolling interest at December 31, 2013 of $155,021 consisted of noncontrolling interests in the Operating Partnership and in other consolidated subsidiaries of $135,842 and $19,179, respectively.

In the third quarter of 2014, we elected to pay cash of $1,695 to two holders of 91,167 common units in the Operating Partnership upon the exercise of their conversion rights. In the second quarter of 2014, a holder of 170,847 common units in the Operating Partnership exercised its conversion rights. The Company elected to pay $2,914 in cash for those units in May 2014.

Cost Method Investment

The Company owns a 6.2% noncontrolling interest in subsidiaries of Jinsheng, an established mall operating and real estate development company located in Nanjing, China. The Company accounts for its noncontrolling 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 carrying amount of this investment was $5,325 at September 30, 2014 and December 31, 2013. The noncontrolling interest is reflected as investment in unconsolidated affiliates in the accompanying condensed consolidated balance sheets.

Variable Interest Entities

Triangle Town Member LLC

The Company holds a 50% ownership interest in the joint venture Triangle Town Member, LLC. In 2013, the Company reconsidered the entity’s status, and determined that its investment in this joint venture represents an interest in a VIE. The entity is under joint control, and therefore the Company accounts for it as an unconsolidated affiliate using the equity method of accounting as of September 30, 2014 and December 31, 2013, respectively.

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JG Gulf Coast Town Center LLC

The Company holds a 50% ownership interest in the joint venture JG Gulf Coast Town Center LLC. In 2013, the Company reconsidered the entity’s status, and determined that its investment in this joint venture represents an interest in a VIE. The entity is under joint control, and therefore the Company accounts for it as an unconsolidated affiliate using the equity method of accounting as of September 30, 2014 and December 31, 2013, respectively.

West Melbourne I, LLC

The Company holds a 50% ownership interest in the joint venture West Melbourne I, LLC. In 2013, the Company reconsidered the entity’s status, and determined that its investment in this joint venture represents an interest in a VIE. The entity is under joint control, and therefore the Company accounts for it as an unconsolidated affiliate using the equity method of accounting as of September 30, 2014 and December 31, 2013, respectively.

Gettysburg Outlet Center Holding LLC

In the second quarter of 2012, the Company entered into a joint venture, Gettysburg Outlet Center Holding LLC, with a third party to develop, own and operate The Outlet Shoppes at Gettysburg. The Company holds a 50% ownership interest in this joint venture. The Company determined that its investment in this joint venture represents an interest in a VIE and that the Company is the primary beneficiary since it has the power to direct activities of the joint venture that most significantly impact the joint venture's economic performance as well as the obligation to absorb losses or right to receive benefits from the VIE that could be significant. As a result, the joint venture is presented in the accompanying condensed consolidated financial statements as of September 30, 2014 and December 31, 2013 on a consolidated basis, with the interests of the third party reflected as a noncontrolling interest.

El Paso Outlet Center Holding, LLC

In the second quarter of 2012, the Company entered into a joint venture, El Paso Outlet Center Holding, LLC, with a third party to develop, own and operate The Outlet Shoppes at El Paso. The Company holds a 75% ownership interest in the joint venture. The Company determined that its investment in this joint venture represents an interest in a VIE and that the Company is the primary beneficiary since it has the power to direct the activities of the joint venture that most significantly impact the joint venture's economic performance as well as the obligation to absorb losses or right to receive benefits from the VIE that could be significant. As a result, the joint venture is presented in the accompanying condensed consolidated financial statements as of September 30, 2014 and December 31, 2013 on a consolidated basis, with the interests of the third party reflected as a noncontrolling interest.

Note 6 – Mortgage and Other Indebtedness

Debt of the Company

CBL has no indebtedness. Either the Operating Partnership or one of its consolidated subsidiaries, that the Operating Partnership has a direct or indirect ownership interest in, is the borrower on all of the Company's debt.

CBL is a limited guarantor of the 5.25% senior notes, issued by the Operating Partnership in November 2013, for losses suffered solely by reason of fraud or willful misrepresentation by the Operating Partnership or its affiliates. The Company also provides a similar limited guarantee of the Operating Partnership's obligations with respect to its unsecured credit facilities and two unsecured term loans as of September 30, 2014.

CBL also has guaranteed 100% of the debt secured by The Promenade in D'Ilberville, MS, which had a balance of $48,110 at September 30, 2014.

See Note 16 for a description of senior notes issued by the Operating Partnership subsequent to September 30, 2014, for which CBL is a limited guarantor.

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Debt of the Operating Partnership

Mortgage and other indebtedness consisted of the following:

	September 30, 2014		December 31, 2013	
	Amount	Weighted-Average Interest Rate [1]	Amount	Weighted-Average Interest Rate [1]
Fixed-rate debt:				
Non-recourse loans on operating properties [2]	$3,337,037	5.53%	$3,527,830	5.54%
Senior unsecured notes [3]	445,678	5.25%	445,374	5.25%
Other [4]	6,175	3.50%	—	—%
Financing obligation [5]	—	—%	17,570	8.00%
Total fixed-rate debt	3,788,890	5.49%	3,990,774	5.52%
Variable-rate debt:				
Non-recourse term loans on operating properties	17,191	2.28%	133,712	3.14%
Recourse term loans on operating properties	90,374	2.00%	51,300	1.87%
Construction loans	6,742	2.90%	2,983	2.17%
Unsecured lines of credit	358,224	1.55%	228,754	1.57%
Unsecured term loans	450,000	1.70%	450,000	1.71%
Total variable-rate debt	922,531	1.69%	866,749	1.91%
Total	$4,711,421	4.75%	$4,857,523	4.88%

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

(2) The Company had four interest rate swaps on notional amounts totaling $106,677 as of September 30, 2014 and $109,830 as of December 31, 2013 related to four variable-rate loans on operating properties to effectively fix the interest rate on the respective loans. Therefore, these amounts were reflected in fixed-rate debt at September 30, 2014 and December 31, 2013.

(3) Net of discount in the amount of $4,322 and $4,626 as of September 30, 2014 and December 31, 2013, respectively.

(4) A subsidiary of the Management Company entered into a term loan in May 2014.

(5) This amount represented the noncontrolling partner's unreturned equity contribution related to Pearland Town Center that was accounted for as a financing due to certain terms of the CBL/T-C, LLC joint venture agreement. In March 2014, the Company purchased the noncontrolling interest as described below.

Senior Unsecured Notes

In November 2013, the Operating Partnership issued $450,000 of senior unsecured notes that bear interest at 5.25% payable semiannually beginning June 1, 2014 and mature on December 1, 2023 ("the 2023 Notes"). The interest rate will be subject to an increase ranging from 0.25% to 1.00% from time to time if, on or after January 1, 2016 and prior to January 1, 2020, the ratio of secured debt to total assets of the Company, as defined, is greater than 40% but less than 45%. The 2023 Notes are redeemable at the Operating Partnership's election, in whole or in part from time to time, on not less than 30 days notice to the holders of the 2023 Notes to be redeemed. The 2023 Notes may be redeemed prior to September 1, 2023 for cash, at a redemption price equal to the greater of (1) 100% of the aggregate principal amount of the 2023 Notes to be redeemed or (2) an amount equal to the sum of the present values of the remaining scheduled payments of principal and interest on the 2023 Notes to be redeemed, discounted to the redemption date on a semi-annual basis at the treasury rate, as defined, plus 0.40%, plus accrued and unpaid interest. On or after September 1, 2023, the 2023 Notes are redeemable for cash at a redemption price equal to 100% of the aggregate principal amount of the 2023 Notes to be redeemed plus accrued and unpaid interest.

See Note 16 for a description of senior notes issued by the Operating Partnership subsequent to September 30, 2014.

Financing Obligation

In the first quarter of 2014, the Company exercised its right to acquire the 12.0% noncontrolling interest in Pearland Town Center, which was accounted for as a financing obligation upon its sale in October 2011, from its joint venture partner. The $17,948 purchase price represents the partner's unreturned capital plus accrued and unpaid preferred return at a rate of 8.0%.

Unsecured Lines of Credit

The Company has three unsecured credit facilities that are used for retirement of secured loans, repayment of term loans, working capital, construction and acquisition purposes, as well as issuances of letters of credit.

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Each facility bears interest at LIBOR plus a spread of 100 to 175 basis points based on the Company's credit ratings. As of September 30, 2014, the Company's interest rate based on its credit ratings of Baa3 from Moody's Investors Service ("Moody's") and BBB- from Fitch Ratings ("Fitch") is LIBOR plus 140 basis points. Additionally, the Company pays an annual facility fee that ranges from 0.15% to 0.35% of the total capacity of each facility. As of September 30, 2014, the annual facility fee was 0.30%. The three unsecured lines of credit had a weighted-average interest rate of 1.55% at September 30, 2014.

The following summarizes certain information about the Company's unsecured lines of credit as of September 30, 2014:

	Total Capacity	Total Outstanding		Maturity Date	Extended Maturity Date (1)
Wells Fargo - Facility A	$600,000	$201,841	(2)	November 2015	November 2016
First Tennessee	100,000	7,000	(3)	February 2016	N/A
Wells Fargo - Facility B	600,000	149,383	(4)	November 2016	November 2017
	$1,300,000	$358,224			

(1) The extension options are at the Company's election, subject to continued compliance with the terms of the facilities, and have a one-time extension fee of 0.20% of the commitment amount of each credit facility.

(2) There was an additional $1,525 outstanding on this facility as of September 30, 2014 for letters of credit. Up to $50,000 of the capacity on this facility can be used for letters of credit.

(3) There was an additional $113 outstanding on this facility as of September 30, 2014 for letters of credit. Up to $20,000 of the capacity on this facility can be used for letters of credit.

(4) There was an additional $123 outstanding on this facility as of September 30, 2014 for letters of credit. Up to $50,000 of the capacity on this facility can be used for letters of credit.

Unsecured Term Loans

The Company has a $400,000 unsecured term loan, which bears interest at a variable rate of LIBOR plus 150 basis points based on the Company's current credit ratings and has a maturity date of July 2018. At September 30, 2014, the outstanding borrowings of $400,000 had an interest rate of 1.65%.

The Company also has a $50,000 unsecured term loan that bears interest at LIBOR plus 190 basis points and matures in February 2018. At September 30, 2014, the outstanding borrowings of $50,000 had a weighted-average interest rate of 2.06%.

Other

In May 2014, a consolidated, joint venture subsidiary of the Management Company closed on a $7,000 term loan which bears interest at a fixed rate of 3.50% and matures in May 2017. At September 30, 2014, the loan had an outstanding balance of $6,175 of which the Company's share was $3,087.

In May 2014, the subsidiary of the Management Company also obtained a $3,500 revolving line of credit, which bears interest at a variable rate of LIBOR plus 249 basis points and matures in June 2017. At September 30, 2014, the revolver had no amount outstanding.

Covenants and Restrictions

The agreements for the unsecured lines of credit, the 2023 Notes and unsecured term loans contain, among other restrictions, certain financial covenants including the maintenance of certain financial coverage ratios, minimum net worth requirements, minimum unencumbered asset and interest ratios, maximum secured indebtedness ratios, maximum total indebtedness ratios and limitations on cash flow distributions. The Company believes that it was in compliance with all covenants and restrictions at September 30, 2014.

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Unsecured Lines of Credit and Unsecured Term Loans

The following presents the Company's compliance with key covenant ratios, as defined, of the credit facilities and term loans as of September 30, 2014:

Ratio	Required	Actual
Debt to total asset value	< 60%	50.0%
Unencumbered asset value to unsecured indebtedness	> 1.60x	2.42x
Unencumbered NOI to unsecured interest expense	> 1.75x	4.47x
EBITDA to fixed charges (debt service)	> 1.50x	2.20x

The agreements for the unsecured credit facilities and unsecured term loans described above contain default provisions customary for transactions of this nature (with applicable customary grace periods). Additionally, any default in the payment of any recourse indebtedness greater than or equal to $50,000 or any non-recourse indebtedness greater than $150,000 (for the Company's ownership share) of CBL, the Operating Partnership or any Subsidiary, as defined, will constitute an event of default under the agreements to the credit facilities. The credit facilities also restrict the Company's ability to enter into any transaction that could result in certain changes in its ownership or structure as described under the heading “Change of Control/Change in Management” in the agreements for the credit facilities.

Senior Unsecured Notes

The following presents the Company's compliance with key covenant ratios, as defined, of the 2023 Notes as of September 30, 2014:

Ratio	Required	Actual
Total debt to total assets	< 60%	53.8%
Secured debt to total assets	< 45% (1)	38.9%
Total unencumbered assets to unsecured debt	> 150%	233.4%
Consolidated income available for debt service to annual debt service charge	> 1.5x	3.1x

(1) On January 1, 2020 and thereafter, secured debt to total assets must be less than 40%.

The agreements for the 2023 Notes described above contain default provisions customary for transactions of this nature (with applicable customary grace periods). Additionally, any default in the payment of any recourse indebtedness greater than or equal to $50,000 of the Operating Partnership will constitute an event of default under the 2023 Notes.

Other

Several of the Company’s malls/open-air centers, associated centers and community centers, in addition to the corporate office building, are owned by special purpose entities, created as a requirement under certain loan agreements, that are included in the Company’s condensed consolidated financial statements. The sole business purpose of the special purpose entities is to own and operate these properties. 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.

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Mortgages on Operating Properties

The following table presents the loans, secured by the related properties, that have been entered into since January 1, 2014:

Date	Property	Stated Interest Rate	Maturity Date [1]		Amount Financed
April	The Outlet Shoppes at Oklahoma City - Phase II [2]	LIBOR + 2.75%	April 2019	(3)	$6,000
April	The Outlet Shoppes at Oklahoma City - Phase III [4]	LIBOR + 2.75%	April 2019	(3)	5,400
April	The Outlet Shoppes at El Paso - Phase II [4]	LIBOR + 2.75%	April 2018		7,000

(1) Excludes any extension options.

(2) Proceeds from the operating property loan for Phase II were distributed to the partners in accordance with the terms of the partnership agreement. The Company's share of the proceeds was used to reduce the balances on its credit facilities.

(3) The loan has two one-year extension options, which are at the consolidated joint venture's election, for an outside maturity date of April 2021.

(4) The Operating Partnership has guaranteed 100% of the construction loan for the expansion of the outlet center until construction is complete and certain financial and operational metrics are met.

The Company has repaid the following loan, secured by the related property, since January 1, 2014:

Date	Property	Interest Rate at Repayment Date	Scheduled Maturity Date	Principal Balance Repaid [1]
January	St. Clair Square [2]	3.25%	December 2016	$122,375

(1) The Company retired the loan with borrowings from its credit facilities.

(2) The Company recorded a loss on extinguishment of debt from a $1,249 prepayment fee.

See Note 16 for information on an operating property loan that was retired subsequent to September 30, 2014.

In February 2014, the lender of the non-recourse mortgage loan secured by Chapel Hill Mall in Akron, OH notified the Company that the loan had been placed in default. The lender on the loan began receiving the net operating cash flows of the property each month in May 2014. Chapel Hill Mall generated insufficient income levels to cover the debt service on the mortgage and, in September 2014, the Company conveyed Chapel Hill Mall to the mortgage lender by a deed-in-lieu of foreclosure. The mortgage loan had a balance of $68,563 at the time of transfer. As a result of the conveyance, the Company recognized a gain on extinguishment of debt of $18,259 in the third quarter of 2014 representing the amount by which the outstanding debt balance exceeded the book value of the debt extinguished over the net book value of the property as of the transfer date. See Note 4 for further information.

In the third quarter of 2013, the lender of the non-recourse mortgage loan secured by Citadel Mall in Charleston, SC sent a formal notice of default and initiated foreclosure proceedings. Citadel Mall generated insufficient income levels to cover the debt service on the mortgage and, in the second quarter of 2013, the lender on the loan began receiving the net operating cash flows of the property each month. A foreclosure sale occurred in January 2014 and the lender received the deed to the property in satisfaction of the non-recourse debt, which had a balance of $68,169 at the time of foreclosure. The Company recognized a gain of $43,932 related to the extinguishment of debt in the first quarter of 2014. See Note 4 for further information.

The lender of the non-recourse mortgage loan secured by Columbia Place in Columbia, SC notified the Company in the first quarter of 2012 that the loan had been placed in default. Columbia Place generated insufficient income levels to cover the debt service on the mortgage, which had a balance of $27,265 at September 30, 2014 and a contractual maturity date of September 2013. The lender on the loan received the net operating cash flows of the property each month. Subsequent to September 30, 2014, the mall was conveyed to the lender through a deed-in-lieu of foreclosure. See Note 16 for additional information.

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Scheduled Principal Payments

As of September 30, 2014, the scheduled principal amortization and balloon payments of the Company’s consolidated debt, excluding extensions available at the Company’s option, on all mortgage and other indebtedness, including construction loans, term loans, the notes and lines of credit, are as follows:

2014	$207,268
2015	729,861
2016	802,137
2017	495,409
2018	676,511
Thereafter	1,796,419
	4,707,605
Net unamortized premiums	3,816
	$4,711,421

Of the $207,268 of scheduled principal payments in 2014, $161,510 relates to the maturing principal balances of two operating property loans, $18,493 represents scheduled principal amortization and $27,265 related to the principal balance of one operating property loan secured by Columbia Place with a maturity date of September 2013. Subsequent to September 30, 2014, the Company retired the $113,400 operating property loan on Mall del Norte leaving one maturing operating property loan with a principal balance of $48,110 outstanding as of September 30, 2014 that has an extension available at the Company's option. Additionally, Columbia Place was conveyed to the lender subsequent to September 30, 2014. See Note 16 for further information about these transactions.

The Company’s mortgage and other indebtedness had a weighted-average maturity of 4.3 years as of September 30, 2014 and 4.7 years as of December 31, 2013.

Interest Rate Hedge Instruments

The Company records its derivative instruments in its condensed consolidated balance sheets at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the derivative has been designated as a hedge and, if so, whether the hedge has met the criteria necessary to apply hedge accounting.

The Company’s objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish these objectives, the Company primarily uses interest rate swaps and caps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate caps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an up-front premium.

The effective portion of changes in the fair value of derivatives designated as, and that qualify as, cash flow hedges is recorded in AOCI and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. Such derivatives are used to hedge the variable cash flows associated with variable-rate debt.

As of September 30, 2014, the Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk:

Interest Rate Derivative	Number of Instruments	Notional Amount Outstanding
Interest Rate Swaps	4	$106,677

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Instrument Type	Location in Condensed Consolidated Balance Sheet	Notional Amount Outstanding	Designated Benchmark Interest Rate	Strike Rate	Fair Value at 9/30/14	Fair Value at 12/31/13	Maturity Date
Cap	Intangible lease assets and other assets	N/A	3-month LIBOR	5.000%	N/A	$—	Jan 2014
Pay fixed/ Receive variable Swap	Accounts payable and accrued liabilities	$51,566 (amortizing to $48,337)	1-month LIBOR	2.149%	$(1,260)	$(1,915)	Apr 2016
Pay fixed/ Receive variable Swap	Accounts payable and accrued liabilities	$32,291 (amortizing to $30,276)	1-month LIBOR	2.187%	(807)	(1,226)	Apr 2016
Pay fixed/ Receive variable Swap	Accounts payable and accrued liabilities	$12,069 (amortizing to $11,313)	1-month LIBOR	2.142%	(294)	(446)	Apr 2016
Pay fixed/ Receive variable Swap	Accounts payable and accrued liabilities	$10,751 (amortizing to $10,083)	1-month LIBOR	2.236%	(276)	(420)	Apr 2016
					$(2,637)	$(4,007)	

Hedging Instrument	Gain Recognized in OCI/L (Effective Portion) Three Months Ended September 30, 2014	2013	Location of Losses Reclassified from AOCI into Earnings (Effective Portion)	Loss Recognized in Earnings (Effective Portion) Three Months Ended September 30, 2014	2013	Location of Gain Recognized in Earnings (Ineffective Portion)	Gain Recognized in Earnings (Ineffective Portion) Three Months Ended September 30, 2014	2013
Interest rate contracts	$597	$117	Interest Expense	$(551)	$(568)	Interest Expense	$—	$—

Hedging Instrument	Gain Recognized in OCI/L (Effective Portion) Nine Months Ended September 30, 2014	2013	Location of Losses Reclassified from AOCI into Earnings (Effective Portion)	Loss Recognized in Earnings (Effective Portion) Nine Months Ended September 30, 2014	2013	Location of Gain Recognized in Earnings (Ineffective Portion)	Gain Recognized in Earnings (Ineffective Portion) Nine Months Ended September 30, 2014	2013
Interest rate contracts	$1,371	$1,398	Interest Expense	$(1,650)	$(1,687)	Interest Expense	$—	$—

As of September 30, 2014, the Company expects to reclassify approximately $2,023 of losses currently reported in AOCI to interest expense within the next twelve months due to amortization of its outstanding interest rate contracts. Fluctuations in fair values of these derivatives between September 30, 2014 and the respective dates of termination will vary the projected reclassification amount.

Note 7 – Comprehensive Income
Accumulated Other Comprehensive Income of the Company
Comprehensive income of the Company includes all changes in redeemable noncontrolling interests and total equity during the period, except those resulting from investments by shareholders and partners, distributions to shareholders and partners and redemption valuation adjustments. OCI/L includes changes in unrealized gains (losses) on available-for-sale securities and interest rate hedge agreements.

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The changes in the components of AOCI for the three months ended September 30, 2014 and 2013 are as follows:

	Redeemable Noncontrolling Interests		The Company		Noncontrolling Interests		
	Unrealized Gains (Losses)						
	Hedging Agreements	Available-for-Sale Securities	Hedging Agreements	Available-for-Sale Securities	Hedging Agreements	Available-for-Sale Securities	Total
Beginning balance, July 1, 2014	$393	$ 351	$(557)	$ 10,216	$(3,193)	$ 1,404	$8,614
OCI before reclassifications	5	31	1,060	2,637	83	1,376	5,192
Amounts reclassified from AOCI (1)	—	—	(551)	—	—	—	(551)
Net current quarterly period OCI	5	31	509	2,637	83	1,376	4,641
Ending balance, September 30, 2014	$398	$ 382	$(48)	$ 12,853	$(3,110)	$ 2,780	$13,255

(1) Reclassified $551 of interest on cash flow hedges to Interest Expense in the condensed consolidated statements of operations.

	Redeemable Noncontrolling Interests		The Company		Noncontrolling Interests		
	Unrealized Gains (Losses)						
	Hedging Agreements	Available-for-Sale Securities	Hedging Agreements	Available-for-Sale Securities	Hedging Agreements	Available-for-Sale Securities	Total
Beginning balance, July 1, 2013	$372	$ 364	$(2,974)	$ 10,829	$(3,596)	$ 2,447	$7,442
OCI before reclassifications	12	(26)	1,973	(2,794)	233	(462)	(1,064)
Amounts reclassified from AOCI (1)	—	—	(568)	—	—	—	(568)
Net current quarterly period OCI/L	12	(26)	1,405	(2,794)	233	(462)	(1,632)
Ending balance, September 30, 2013	$384	$ 338	$(1,569)	$ 8,035	$(3,363)	$ 1,985	$5,810

(1) Reclassified $568 of interest on cash flow hedges to Interest Expense in the condensed consolidated statements of operations.

The changes in the components of AOCI for the nine months ended September 30, 2014 and 2013 are as follows:

	Redeemable Noncontrolling Interests		The Company		Noncontrolling Interests		
	Unrealized Gains (Losses)						
	Hedging Agreements	Available-for-Sale Securities	Hedging Agreements	Available-for-Sale Securities	Hedging Agreements	Available-for-Sale Securities	Total
Beginning balance, January 1, 2014	$387	$ 333	$(1,214)	$ 7,539	$(3,304)	$ 1,903	$5,644

OCI before reclassifications	11	49	2,816	5,314	194	877	9,261
Amounts reclassified from AOCI (1)	—	—	(1,650)	—	—	—	(1,650)
Net year-to-date period OCI	11	49	1,166	5,314	194	877	7,611
Ending balance, September 30, 2014	$398	$ 382	$(48)	$ 12,853	$(3,110)	$ 2,780	$13,255

(1) Reclassified $1,650 of interest on cash flow hedges to Interest Expense in the condensed consolidated statements of operations.

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	Redeemable Noncontrolling Interests		The Company		Noncontrolling Interests		
	Unrealized Gains (Losses)						
	Hedging Agreements	Available-for-Sale Securities	Hedging Agreements	Available-for-Sale Securities	Hedging Agreements	Available-for-Sale Securities	Total
Beginning balance, January 1, 2013	$373	$ 353	$(2,756)	$ 9,742	$(3,563)	$ 2,263	$6,412
OCI before reclassifications	11	(15)	2,874	(1,707)	200	(278)	1,085
Amounts reclassified from AOCI (1)	—	—	(1,687)	—	—	—	(1,687)
Net year-to-date period OCI/L	11	(15)	1,187	(1,707)	200	(278)	(602)
Ending balance, September 30, 2013	$384	$ 338	$(1,569)	$ 8,035	$(3,363)	$ 1,985	$5,810

(1) Reclassified $1,687 of interest on cash flow hedges to Interest Expense in the condensed consolidated statements of operations.

Accumulated Other Comprehensive Income of the Operating Partnership

Comprehensive income of the Operating Partnership includes all changes in redeemable common units and partners' capital during the period, except those resulting from investments by unitholders, distributions to unitholders and redemption valuation adjustments. OCI/L includes changes in unrealized gains (losses) on available-for-sale securities and interest rate hedge agreements.

The changes in the components of AOCI for the three months ended September 30, 2014 and 2013 are as follows:

	Redeemable Common Units		Partners' Capital		
	Unrealized Gains (Losses)				
	Hedging Agreements	Available-for-Sale Securities	Hedging Agreements	Available-for-Sale Securities	Total
Beginning balance, July 1, 2014	$393	$ 351	$(3,751)	$ 11,620	$8,613
OCI before reclassifications	5	31	1,144	4,013	5,193
Amounts reclassified from AOCI (1)	—	—	(551)	—	(551)
Net current quarterly period OCI	5	31	593	4,013	4,642
Ending balance, September 30, 2014	$398	$ 382	$(3,158)	$ 15,633	$13,255

(1) Reclassified $551 of interest on cash flow hedges to Interest Expense in the condensed consolidated statements of operations.

	Redeemable Common Units		Partners' Capital		
	Unrealized Gains (Losses)				
	Hedging Agreements	Available-for-Sale Securities	Hedging Agreements	Available-for-Sale Securities	Total
Beginning balance, July 1, 2013	$372	$ 365	$(6,570)	$ 13,275	$7,442
OCI before reclassifications	12	(26)	2,206	(3,256)	(1,064)
Amounts reclassified from AOCI (1)	—	—	(568)	—	(568)

Net current quarterly period OCI/L	12	(26)	1,638	(3,256)	(1,632)
Ending balance, September 30, 2013	$384	$ 339	$(4,932)	$ 10,019	$5,810

(1) Reclassified $568 of interest on cash flow hedges to Interest Expense in the condensed consolidated statements of operations.

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The changes in the components of AOCI for the nine months ended September 30, 2014 and 2013 are as follows:

	Redeemable Common Units		Partners' Capital		
	Unrealized Gains (Losses)				
	Hedging Agreements	Available-for-Sale Securities	Hedging Agreements	Available-for-Sale Securities	Total
Beginning balance, January 1, 2014	$387	$ 333	$(4,518)	$ 9,442	$5,644
OCI before reclassifications	11	49	3,010	6,191	9,261
Amounts reclassified from AOCI (1)	—	—	(1,650)	—	(1,650)
Net year-to-date period OCI	11	49	1,360	6,191	7,611
Ending balance, September 30, 2014	$398	$ 382	$(3,158)	$ 15,633	$13,255

(1) Reclassified $1,650 of interest on cash flow hedges to Interest Expense in the condensed consolidated statements of operations.

	Redeemable Common Units		Partners' Capital		
	Unrealized Gains (Losses)				
	Hedging Agreements	Available-for-Sale Securities	Hedging Agreements	Available-for-Sale Securities	Total
Beginning balance, January 1, 2013	$373	$ 354	$(6,319)	$ 12,004	$6,412
OCI before reclassifications	11	(15)	3,074	(1,985)	1,085
Amounts reclassified from AOCI (1)	—	—	(1,687)	—	(1,687)
Net year-to-date period OCI/L	11	(15)	1,387	(1,985)	(602)
Ending balance, September 30, 2013	$384	$ 339	$(4,932)	$ 10,019	$5,810

(1) Reclassified $1,687 of interest on cash flow hedges to Interest Expense in the condensed consolidated statements of operations.

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Note 8 – Mortgage and Other Notes Receivable

Each of the Company's mortgage notes receivable is collateralized by either a first mortgage, a second mortgage, or by an assignment of 100% of the partnership interests that own the real estate assets. Other notes receivable include amounts due from tenants or government-sponsored districts and unsecured notes received from third parties as whole or partial consideration for property or investments. The Company believes that its mortgage and other notes receivable balance is fully collectable as of September 30, 2014.

Mortgage and other notes receivable consist of the following:

		As of September 30, 2014		As of December 31, 2013	
	Maturity Date	Interest Rate	Balance	Interest Rate	Balance
Mortgages:					
Coastal Grand - Myrtle Beach (1)	Oct 2014	7.75%	$—	7.75%	$9,000
Park Place	May 2022	5.00%	1,609	5.00%	1,738
Village Square	Mar 2015	4.50%	1,719	4.50%	2,600
Other	Dec 2016 - Jan 2047	2.65% - 9.50%	5,697	2.67% - 9.50%	5,782
			9,025		19,120
Other Notes Receivable:					
Horizon Group - The Outlet Shoppes at Atlanta (2)	May 2015	7.00%	—	7.00%	816
Lakeshore Mall (3)	Aug 2014	5.00%	—	—%	—
RED Development Inc.	Nov 2023	5.00%	7,429	5.00%	7,429
Woodstock land (4)	Nov 2014	10.00%	3,059	10.00%	3,059
			10,488		11,304
			$19,513		$30,424

(1) In July 2014, the subordinated notes were paid off in conjunction with the refinancing of the loan, secured by Coastal Grand-Myrtle Beach. See Note 5 for additional information.

(2) The note was paid off in July 2014.

(3) In May 2014, the Company received a $10,000 promissory note as short-term financing from the buyer of Lakeshore Mall. See Note 4 for additional information on the sale. This note was paid off in July 2014.

(4) The note receivable was extended from May 2014 to November 2014 in the second quarter of 2014.

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Note 9 – 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, restated for discontinued operations in all periods presented:

Three Months Ended September 30, 2014	Malls	Associated Centers	Community Centers	All Other [1]	Total
Revenues	$228,661	$9,961	$4,598	$15,494	$258,714
Property operating expenses [2]	(68,597)	(2,226)	(1,195)	545	(71,473)
Interest expense	(50,228)	(1,987)	(649)	(7,350)	(60,214)
Other expense	(1)	—	—	(7,395)	(7,396)
Gain (loss) on sales of real estate assets	(12)	3	33	410	434
Segment profit	$109,823	$5,751	$2,787	$1,704	120,065
Depreciation and amortization expense					(72,488)
General and administrative expense					(9,474)
Interest and other income					463
Gain on extinguishment of debt					18,282
Loss on impairment					(497)
Equity in earnings of unconsolidated affiliates					3,936
Income tax provision					(3,083)
Income from continuing operations					$57,204
Capital expenditures [3]	$60,484	$1,220	$842	$22,717	$85,263

Three Months Ended September 30, 2013	Malls	Associated Centers	Community Centers	All Other [1]	Total
Revenues	$235,599	$9,930	$5,460	$6,560	$257,549
Property operating expenses [2]	(77,556)	(2,519)	(1,034)	6,740	(74,369)
Interest expense	(52,477)	(2,032)	(614)	(1,218)	(56,341)
Other expense	—	—	—	(6,371)	(6,371)
Gain (loss) on sales of real estate assets	(3)	—	59	2	58
Segment profit	$105,563	$5,379	$3,871	$5,713	120,526
Depreciation and amortization expense					(68,941)
General and administrative expense					(10,160)
Interest and other income					8,809
Equity in earnings of unconsolidated affiliates					2,270
Income tax provision					(271)
Income from continuing operations					$52,233
Capital expenditures [3]	$52,963	$2,155	$2,438	$23,483	$81,039

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Nine Months Ended September 30, 2014	Malls	Associated Centers	Community Centers	All Other [1]	Total
Revenues	$683,494	$31,104	$13,847	$48,445	$776,890
Property operating expenses [2]	(210,553)	(6,981)	(3,784)	2,083	(219,235)
Interest expense	(148,822)	(5,983)	(1,949)	(23,243)	(179,997)
Other expense	(20)	—	—	(21,311)	(21,331)
Gain on sales of real estate assets	1,654	937	489	433	3,513
Segment profit	$325,753	$19,077	$8,603	$6,407	359,840
Depreciation and amortization expense					(212,180)
General and administrative expense					(35,583)
Interest and other income					3,535
Gain on extinguishment of debt					60,942
Loss on impairment					(17,753)
Equity in earnings of unconsolidated affiliates					11,038
Income tax provision					(4,266)
Income from continuing operations					$165,573
Total assets	$5,644,948	$274,845	$284,691	$428,227	$6,632,711
Capital expenditures [3]	$144,123	$13,906	$2,439	$78,208	$238,676

Nine Months Ended September 30, 2013	Malls	Associated Centers	Community Centers	All Other [1]	Total
Revenues	$706,555	$31,437	$13,345	$20,278	$771,615
Property operating expenses [2]	(231,302)	(7,701)	(2,451)	23,065	(218,389)
Interest expense	(160,603)	(6,125)	(1,735)	(4,911)	(173,374)
Other expense	—	—	—	(21,217)	(21,217)
Gain on sales of real estate assets	345	—	59	654	1,058
Segment profit	$314,995	$17,611	$9,218	$17,869	359,693
Depreciation and amortization expense					(206,115)
General and administrative expense					(36,459)
Interest and other income					10,197
Loss on extinguishment of debt					(9,108)
Loss on impairment					(21,038)
Gain on investment					2,400
Equity in earnings of unconsolidated affiliates					7,618
Income tax provision					(854)
Income from continuing operations					$106,334
Total assets	$6,198,268	$277,195	$235,647	$155,555	$6,866,665
Capital expenditures [3]	$155,130	$9,621	$5,036	$107,859	$277,646

(1) The All Other category includes mortgage and other notes receivable, office buildings, the Management Company and the Company's subsidiary that provides security and maintenance services.

(2) Property operating expenses include property operating, real estate taxes and maintenance and repairs.

(3) Amounts include acquisitions of real estate assets and investments in unconsolidated affiliates. Developments in progress are included in the All Other category.

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Note 10 – Equity and Capital

At-The-Market Equity Program

On March 1, 2013, the Company entered into separate controlled equity offering sales agreements (collectively, the "Sales Agreements") with a number of sales agents to sell shares of CBL's common stock, having an aggregate offering price of up to $300,000, from time to time in "at-the-market" equity offerings (as defined in Rule 415 of the Securities Act of 1933, as amended) or in negotiated transactions (the "ATM program"). In accordance with the Sales Agreements, the Company sets the parameters for the sales of shares, including the number of shares to be issued, the time period during which sales are to be made and any minimum price below which sales may not be made. The Sales Agreements provide that the sales agents are entitled to compensation for their services at a mutually agreed commission rate not to exceed 2.0% of the gross proceeds from the sales of shares sold through the ATM program. For each share of common stock issued by CBL, the Operating Partnership issues a corresponding number of common units of limited partnership interest to CBL in exchange for the contribution of the proceeds from the stock issuance. The Company includes only share issuances that have settled in the calculation of shares outstanding at the end of each period.

The Company did not sell any shares under the ATM program during the three and nine month periods ended September 30, 2014. The following table summarizes issuances of common stock sold through the ATM program during the nine month period ended September 30, 2013:

	Nine Months Ended September 30, 2013
Number of shares settled	8,419,298
Gross proceeds	$211,493
Net proceeds	$209,596
Weighted-average sales price	$25.12

The net proceeds from the ATM sales were used to reduce the balances on the Company's credit facilities. Since the commencement of the ATM program, CBL has issued 8,419,298 shares of common stock and approximately $88,507 remains available that may be sold under this program as of September 30, 2014. Actual future sales will depend on a variety of factors including but not limited to market conditions, the trading price of CBL's common stock and the Company's capital needs. The Company has no obligation to sell the remaining shares available under the ATM program.

Note 11 – Earnings Per Share and Earnings per Unit

Earnings per Share of the Company

Basic earnings per share (“EPS”) is computed by dividing net income attributable to common shareholders by the weighted-average number of 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 noncontrolling interests in the Operating Partnership into shares of common stock are not dilutive. There were no potential dilutive common shares and there were no anti-dilutive shares for the three and nine month periods ended September 30, 2014 and 2013.

Earnings per Unit of the Operating Partnership

Basic earnings per unit (“EPU”) is computed by dividing net income attributable to common unitholders by the weighted-average number of common units outstanding for the period. Diluted EPU assumes the issuance of common units for all potential dilutive common units outstanding. There were no potential dilutive common units and there were no anti-dilutive units for the three and nine month periods ended September 30, 2014 and 2013.

Note 12 – Contingencies

Litigation

The Company is currently involved in certain litigation that arises in the ordinary course of business, most of which is expected to be covered by liability insurance. Management makes assumptions and estimates concerning the likelihood and amount of any potential loss relating to these matters using the latest information available. The Company records a liability for litigation if an unfavorable outcome is probable and the amount of loss or range of loss can be reasonably estimated. If an unfavorable outcome is probable and a reasonable estimate of the loss is a range, the Company accrues the best estimate within the range. If no amount within the range is a better estimate than any other amount, the Company accrues the minimum amount within the range. If an unfavorable outcome is probable but the amount of the loss cannot be reasonably estimated, the Company discloses the nature of the litigation and indicates that an estimate of the loss or range of loss cannot be made. If an unfavorable outcome is reasonably possible and the estimated loss is material, the Company discloses the nature and estimate of the possible loss of the litigation. The Company does not disclose information with respect to litigation where an unfavorable outcome is considered to be remote or where the estimated loss would not be material. Based on current expectations, such matters, both individually and in the aggregate, are not expected to have a material adverse effect on the liquidity, results of operations, business or financial condition of the Company.

On March 11, 2010, The Promenade D'Iberville, LLC (“TPD”), a subsidiary of the Company, filed a lawsuit in the Circuit Court of Harrison County, Mississippi (the "Mississippi Case"), against M. Hanna Construction Co., Inc. (“M Hanna”), Gallet & Associates, Inc., LA Ash, Inc., EMJ Corporation (“EMJ”) and JEA (f/k/a Jacksonville Electric Authority), seeking damages for alleged property damage and related damages occurring at a shopping center development in D'Iberville, Mississippi. EMJ filed an answer and counterclaim denying liability and seeking to recover from TPD the retainage of approximately $327 allegedly owed under the construction contract. Kohl's Department Stores, Inc. (“Kohl's”) was granted permission to intervene in the Mississippi Case and, on April 13, 2011, filed a cross-claim against TPD alleging that TPD is liable to Kohl's for unspecified damages resulting from the actions of the defendants and for the failure to perform the obligations of TPD under a Site Development Agreement with Kohl's. Kohl's also made a claim against the Company based on the Company's guarantee of the performance of TPD under the Site Development Agreement. The claim by EMJ against the Company has been dismissed, and based on information currently available, the Company believes the likelihood of an unfavorable outcome related to the claims made by Kohl's against the Company in connection with the Mississippi case is remote. The Company provided disclosure of this litigation due to the related party relationship between the Company and EMJ described below. In February 2014 and August 2013, TPD received partial settlements of $800 and $8,240, respectively, from certain of the defendants in the Mississippi Case described above. Subsequent to September 30, 2014, TPD agreed to a resolution of its claims in this litigation against defendant EMJ. See Note 16 for further information. Litigation continues with the other remaining defendants in the matter. Trial for those remaining claims has been continued from its previously scheduled September 2014 setting. The parties are petitioning the court for a new setting.

TPD also has filed claims under several insurance policies in connection with this matter, and there are three pending lawsuits relating to insurance coverage. On October 8, 2010, First Mercury Insurance Company (“First Mercury”) filed an action in the United States District Court for the Eastern District of Texas against M Hanna and TPD seeking a declaratory judgment concerning coverage under a liability insurance policy issued by First Mercury to M Hanna. That case was dismissed for lack of federal jurisdiction and refiled in Texas state court. On June 13, 2011, TPD filed an action in the Chancery Court of Hamilton County, Tennessee (the "Tennessee Case") against National Union Fire Insurance Company of Pittsburgh, PA (“National Union”) and EMJ seeking a declaratory judgment regarding coverage under a liability insurance policy issued by National Union to EMJ and recovery of damages arising out of National Union's breach of its obligations. In March 2012, Zurich American and Zurich American of Illinois, which also have issued liability insurance policies to EMJ, intervened in the Tennessee Case and the case was set for trial on October 29, 2013 but, currently, the trial date has been extended while the parties mediate the case. The first mediation session took place on January 14-15, 2014, and the second session took place on March 18-19, 2014. A third session was held on May 22, 2014. On February 14, 2012, TPD filed claims in the United States District Court for the Southern District of Mississippi against Factory Mutual Insurance Company and Federal Insurance Company seeking a declaratory judgment concerning coverage under certain builders risk and property insurance policies issued by those respective insurers to the Company. The Tennessee Case was dismissed in September 2014, after a resolution of those claims. The remaining claims are still pending.

Certain executive officers of the Company and members of the immediate family of Charles B. Lebovitz, Chairman of the Board of the Company, collectively have a significant non-controlling interest in EMJ, a major national construction company that the Company engaged to build a substantial number of the Company's properties. EMJ is one of the defendants in the Mississippi Case and in the Tennessee Case described above.

Environmental Contingencies

The Company evaluates potential loss contingencies related to environmental matters using the same criteria described above related to litigation matters. Based on current information, an unfavorable outcome concerning such environmental matters, both individually and in the aggregate, is considered to be reasonably possible. However, the Company believes its maximum potential exposure to loss would not be material to its results of operations or financial condition. The Company has a master insurance policy that provides coverage through 2022 for certain environmental claims up to $10,000 per occurrence and up to$50,000 in the aggregate, subject to deductibles and certain exclusions.

Guarantees

The Company may guarantee the debt of a joint venture primarily because it allows the joint venture to obtain funding at a lower cost than could be obtained otherwise. This results in a higher return for the joint venture on its investment, and a higher return on the Company’s investment in the joint venture. The Company may receive a fee from the joint venture for providing the guaranty. Additionally, when the Company issues a guaranty, the terms of the joint venture agreement typically provide that

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the Company may receive indemnification from the joint venture partner or have the ability to increase its ownership interest. The guarantees expire upon repayment of the debt, unless noted otherwise.
The following table represents the Company's guarantees of unconsolidated affiliates' debt as reflected in the accompanying condensed consolidated balance sheets as of September 30, 2014 and December 31, 2013:

	As of September 30, 2014						Obligation recorded to reflect guaranty	
Unconsolidated Affiliate	Company's Ownership Interest	Outstanding Balance	Percentage Guaranteed by the Company		Maximum Guaranteed Amount	Debt Maturity Date (1)	9/30/14	12/31/13
West Melbourne I, LLC - Phase I	50%	$40,435	25%		$10,109	Nov-2015 (2)	$65	$65
West Melbourne I, LLC - Phase II	50%	10,757	25%	(3)	2,689	Nov-2015 (2)	65	65
Port Orange I, LLC	50%	61,102	25%		15,276	Nov-2015 (2)	157	157
JG Gulf Coast Town Center LLC - Phase III	50%	5,840	100%		5,840	Jul-2015	—	—
Fremaux Town Center JV, LLC - Phase I	65%	37,640	50%	(4)	21,789	Aug-2016 (5)	472	460
Fremaux Town Center JV, LLC - Phase II	65%	2,045	100%	(6)	32,100	Aug-2016 (5)	321	—
			Total guaranty liability				$1,080	$747

(1) Excludes any extension options.
(2) The loan has two one-year extension options, which are at the unconsolidated affiliate's election, for an outside maturity date of November 2017.
(3) The guaranty was reduced from 100% to 25% in the third quarter of 2014 when Carmike Cinema became operational in August 2014.
(4) The Company received a 1% fee for this guaranty when the loan was issued in March 2013. In the first quarter of 2014, the loan was modified and extended to increase the capacity to $47,291, which increased the maximum guaranteed amount. The loan was amended and modified in August 2014 to reduce the guaranty from 100% to 50%. The guaranty will be reduced to 25% upon the opening of LA Fitness and payment of contractual rent. The guaranty will be further reduced to 15% when Phase I of the development has been open for one year and the debt service coverage ratio of 1.30 to 1.00 is met.
(5) The loan has two one-year extension options, which are at the unconsolidated affiliate's election, for an outside maturity date of August 2018.
(6) The Company received a 1% fee for this guaranty when the loan was issued in August 2014. The guaranty will be reduced to 50% upon the closing of the Dillard's outparcel sale. Upon completion of Phase II of the development and once certain leasing and occupancy metrics have been met, the guaranty will be 25%. The guaranty will be further reduced to 15% when Phase II of the development has been open for one year, the debt service coverage ratio of 1.30 to 1.00 is met and Dillard's is operational.

The Company has guaranteed the lease 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 owns property as part of 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 $16,400 as of September 30, 2014. The Company 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 it is obligated to fund under the guaranty. The Company did not include an obligation for this guaranty because it determined that the fair value of the guaranty was not material as of September 30, 2014 and December 31, 2013.

Performance Bonds

The Company has issued various bonds that it would have to satisfy in the event of non-performance. The total amount outstanding on these bonds was $19,673 and $23,513 at September 30, 2014 and December 31, 2013, respectively.

Note 13 – Share-Based Compensation

As of September 30, 2014, there were two share-based compensation plans under which the Company has outstanding awards, the 2012 Plan and the 1993 Plan, as defined below. The Company can elect to make new awards under one of these plans, the CBL & Associates Properties, Inc. 2012 Stock Incentive Plan ("the 2012 Plan"), which was approved by the Company's

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shareholders in May 2012. The 2012 Plan permits the Company to issue stock options and common stock to selected officers, employees and non-employee directors of the Company up to a total of 10,400,000 shares. The Company did not issue any new awards under the CBL & Associates Properties, Inc. Second Amended and Restated Stock Incentive Plan ("the 1993 Plan"), which was approved by the Company's shareholders in May 2003, between the adoption of the 2012 Plan to replace the 1993 Plan in May 2012 and the termination of the 1993 Plan (as to new awards) on May 5, 2013. As the primary operating subsidiary of the Company, the Operating Partnership participates in and bears the compensation expense associated with the Company's share-based compensation plans.
Share-based compensation expense was $628 and $418 for the three months ended September 30, 2014 and 2013, respectively, and $3,095 and $2,296 for the nine months ended September 30, 2014 and 2013, respectively.
Share-based compensation cost capitalized as part of real estate assets was $77 and $54 for the three months ended September 30, 2014 and 2013, respectively, and $200 and $159 for the nine months ended September 30, 2014 and 2013, respectively.
A summary of the status of the Company’s stock awards as of September 30, 2014, and changes during the nine months ended September 30, 2014, is presented below:

	Shares	Weighted Average Grant-Date Fair Value
Nonvested at January 1, 2014	478,216	$18.72
Granted	236,450	$17.11
Vested	(167,700)	$17.78
Forfeited	(13,690)	$18.60
Nonvested at September 30, 2014	533,276	$18.31

As of September 30, 2014, there was $8,050 of total unrecognized compensation cost related to nonvested stock awards granted under the plans, which is expected to be recognized over a weighted-average period of 3.6 years.
Note 14 – Noncash Investing and Financing Activities
The Company’s noncash investing and financing activities were as follows for the nine months ended September 30, 2014 and 2013:

	Nine Months Ended September 30,	
	2014	2013
Accrued dividends and distributions payable	$50,511	$47,546
Additions to real estate assets accrued but not yet paid	16,232	30,517
Note receivable from sale of Lakeshore Mall (1)	10,000	—
Transfer of Citadel Mall in settlement of mortgage debt obligation, net (2)	43,932	—
Transfer of Chapel Hill Mall in settlement of mortgage debt obligation, net (2)	18,259	—
Trade-in allowance - aircraft	—	2,800

(1) See Note 4 and Note 8 for further information.
(2) See Note 4 for additional information.

Note 15 – Income Taxes
The Company is qualified as a REIT under the provisions of the Internal Revenue Code. To maintain qualification as a REIT, the Company is required to distribute at least 90% of its taxable income to shareholders and meet certain other requirements.
As a REIT, the Company is generally not liable for federal corporate income taxes. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal and state income taxes on its taxable income at regular corporate tax rates. Even if the Company maintains its qualification as a REIT, the Company may be subject to certain state and local taxes on its income and property, and to federal income and excise taxes on its undistributed

income. State tax expense was $801 and $674 during the three months ended September 30, 2014 and 2013, respectively, and $2,811 and $2,680 during the nine months ended September 30, 2014 and 2013, respectively.

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The Company has also 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 or expense, as applicable.

The Company recorded an income tax provision as follows for the three and nine month periods ending September 30, 2014 and 2013:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Current tax benefit (provision)	$(2,159)	$(428)	$(3,026)	$812
Deferred tax benefit (provision)	(924)	157	(1,240)	(1,666)
Income tax provision	$(3,083)	$(271)	$(4,266)	$(854)

The Company had a net deferred tax asset of $627 and $4,893 at September 30, 2014 and December 31, 2013, respectively. The net deferred tax asset at September 30, 2014 and December 31, 2013 is included in intangible lease assets and other assets and 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 condensed consolidated statements of operations. In addition, any interest incurred on tax assessments is reported as interest expense. The Company reported nominal interest and penalty amounts for the nine month periods ended September 30, 2014 and 2013, respectively.

Note 16 – Subsequent Events

In October 2014, Columbia Place was conveyed to the lender of the non-recourse loan secured by the property through a deed-in-lieu of foreclosure. See Note 6 for additional information.

In October 2014, TPD agreed to a resolution of its claims against defendant EMJ in the litigation described in Note 12. Pursuant to this agreement, TPD received partial settlements of $970 and $250, respectively, from one of EMJ's insurance carriers in October 2014, and additional amounts of $4,750 and $5,000 are due to be paid to TPD in December 2014 and January 2015, respectively. Further, EMJ agreed to be responsible for up to a maximum of $6,600 of future costs incurred by TPD in remediating damages to its shopping center site under certain circumstances as set forth in the agreement, and agreed that such limitation would not apply to its potential responsibility for any future remediation required under applicable environmental laws (should such claims arise). Litigation continues with the other remaining defendants in the matter.

In October 2014, the Company retired an operating property loan, with a principal balance of $113,400 outstanding as of September 30, 2014, with borrowings from its credit facilities. The loan was secured by Mall del Norte in Laredo, TX and was scheduled to mature in December 2014.

In October 2014, the Operating Partnership issued $300,000 of senior unsecured notes that bear interest at 4.60% payable semiannually beginning April 15, 2015 and mature on October 15, 2024 ("the 2024 Notes"). The interest rate will be subject to an increase ranging from 0.25% to 1.00% from time to time if, on or after January 1, 2016 and prior to January 1, 2020, the ratio of secured debt to total assets of the Company, as defined, is greater than 40% but less than 45%. The 2024 Notes are redeemable at the Operating Partnership's election, in whole or in part from time to time, on not less than 30 days notice to the holders of the 2024 Notes to be redeemed. The 2024 Notes may be redeemed prior to July 15, 2024 for cash, at a redemption price equal to the greater of (1) 100% of the aggregate principal amount of the 2024 Notes to be redeemed or (2) an amount equal to the sum of the present values of the remaining scheduled payments of principal and interest on the 2024 Notes to be redeemed, discounted to the redemption date on a semi-annual basis at the treasury rate, as defined, plus 0.35%, plus accrued and unpaid interest.

CBL is a limited guarantor of the Operating Partnership's obligations under the 2024 Notes, for losses suffered solely by reason of fraud or willful misrepresentation by the Operating Partnership or its affiliates. On or after July 15, 2024, the 2024 Notes are redeemable for cash at a redemption price equal to 100% of the aggregate principal amount of the 2024 Notes to be redeemed plus accrued and unpaid interest. After deducting underwriting and other offering expenses of $2,245 and a discount of $75, the net proceeds from the sale of the 2024 Notes was approximately $297,680, which the Operating Partnership used to reduce the outstanding balances on its credit facilities.

The Company has evaluated subsequent events through the date of issuance of these financial statements.

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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 condensed consolidated financial statements and accompanying notes that are included in this Form 10-Q. Capitalized terms used, but not defined, in this Management's Discussion and Analysis of Financial Condition and Results of Operations have the same meanings as defined in the notes to the condensed consolidated financial statements. In this discussion, the terms "we," "us" and "our" refer to the Company or the Company and the Operating Partnership collectively, as the text requires.

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. All statements other than statements of historical fact should be considered to be forward-looking statements. In many cases, these forward-looking statements may be identified by the use of words such as "will," "may," "should," "could," "believes," "expects," "anticipates," "estimates," "intends," "projects," "goals "targets," "predicts," "plans," "seeks," or similar expressions. Any forward-looking statement speaks only as of the date on which it is made and is qualified in its entirety by reference to the factors discussed throughout this report.

Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, forward-looking statements are not guarantees of future performance or results and we can give no assurance that these expectations will be attained. It is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of known and unknown risks and uncertainties. In addition to the risk factors described in Part I, Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2013 and Part II, Item 1A. of this report, such known risks and uncertainties include, without limitation:

- general industry, economic and business conditions;
- interest rate fluctuations;
- costs and availability of capital and capital requirements;
- costs and availability of real estate;
- inability to consummate acquisition opportunities and other risks associated with acquisitions;
- inability to dispose of lower performing properties due to the illiquidity of real estate investments;
- competition from other companies and retail formats;
- changes in retail demand and rental rates in our 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;
- changes in our credit ratings; and
- 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 refinancing requirements and business.

This list of risks and uncertainties is only a summary and is not intended to be exhaustive. 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.

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EXECUTIVE OVERVIEW

We are a self-managed, self-administered, fully integrated REIT that is engaged in the ownership, development, acquisition, leasing, management and operation of regional shopping malls, open-air centers, outlet centers, associated centers, community centers and office properties. Our properties are located in 27 states, but are primarily in the southeastern and midwestern United States. We have elected to be taxed as a REIT for federal income tax purposes. 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 VIE. As of September 30, 2014, we owned interests in the following properties:

	Malls (1)	Associated Centers	Community Centers	Office Buildings (2)	Total
Consolidated properties	73	25	6	8	112
Unconsolidated properties (3)	9	4	5	5	23
Total	82	29	11	13	135

(1) Category consists of regional malls, open-air centers and outlet centers (including one mixed-use center).
(2) Includes our corporate office building.
(3) We account for these investments using the equity method because one or more of the other partners have substantive participating rights.

At September 30, 2014, we had interests in the following properties under development:

	Consolidated Properties			Unconsolidated Properties	
	Malls	Associated Centers	Community Centers	Malls	Community Centers
Development	—	—	1	—	—
Expansions	—	—	—	—	2
Redevelopment	2	1	—	1	—

We also hold options to acquire certain development properties owned by third parties.

From a strategic perspective, we are focused on enhancing long-term growth. Operationally, we continue to proactively take advantage of opportunities to upgrade both mall shop and anchor retailers through value-added redevelopment, expansions and ongoing retenanting. We are also maintaining tight expense controls and finding new ways to create efficiencies in our operations.

Our path to a higher-growth portfolio is founded on upgrading the overall quality of our portfolio. In the fourth quarter of 2013, we began segmenting our malls into three tiers based solely on sales per square foot: Tier One comprises malls with sales of over $375 per square foot, Tier Two malls have sales between $300 and $375 per square foot and Tier Three malls have sales below $300 per square foot. In the coming years, our goal is to generate more than 90% of our mall NOI from Tier One and Tier Two malls, which we expect will allow us to achieve higher occupancy, leasing spreads, sales per square foot and NOI growth. Our long-term goal is to move same-center NOI growth to a sustainable range of 2-4%. To achieve these goals, we identified 21 malls and their related associated centers that we are currently targeting for disposition. The identified malls consist primarily of Tier Three malls, but do include some Tier Two malls. We sold Lakeshore Mall, a Tier Three mall, for $14.0 million in the second quarter of 2014. We continue to progress in our disposition efforts, which included the sale of a community center in September 2014 for $2.0 million. Additionally, in the third quarter of 2014, Chapel Hill Mall, a non-core property, was conveyed to the lender of the non-recourse loan secured by the mall through a deed-in-lieu of foreclosure, resulting in an $18.2 million non-cash gain on extinguishment of debt. Subsequent to September 30, 2014, we also conveyed Columbia Place, a non-core property, to the lender of the non-recourse loan secured by the mall through a deed-in-lieu of foreclosure.

Investing in higher-growth opportunities is equally important to our business transformation. Our outlet center projects, new development and redevelopment projects generate accretive returns and ongoing growth. In July 2014, we opened The Outlet Shoppes of the Bluegrass in Louisville (Simpsonville), KY, which represents the fifth outlet mall in our portfolio. Our strategy is to continue to invest in a pipeline of developments of higher-growth assets over the next few years.

Third quarter 2014 results reflect the positive impact of our strategic initiatives in upgrading the quality of our tenant mix, redevelopment and expansion activities at existing centers. Same-center NOI growth accelerated to 3.0% in the third quarter of 2014 as compared to the prior-year period. Leasing spreads were up 17.6% for stabilized mall leases signed in the third quarter of 2014 and occupancy for our same-center stabilized malls was 93.3%, an increase of 40 basis points as compared to 92.9% in the second quarter of 2014.

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Financially, our investment grade ratings have increased our flexibility and borrowing options in the public debt markets. In conjunction with our operational initiatives described above, our goal is to continue to build a high-quality unencumbered asset pool, which will reduce our cost of capital and provide us more opportunities to access the capital markets. We plan to continue to retire debt on our wholly-owned properties at the earliest prepayment date and our goal is to reduce our leverage on our balance sheet to a ratio of debt to total asset value of less than 50% as we implement these plans over the next few years. In October 2014, we executed a $300.0 million offering of senior unsecured notes at a 4.60% coupon and added Mall del Norte to our unencumbered asset pool through the retirement of the $113.4 million loan on this property. We also have availability of approximately $0.9 billion at September 30, 2014 through our credit facilities. Subsequent to September 30, 2014, the availability on our credit facilities increased to $1.2 billion as we used the proceeds from our $300.0 million offering to reduce outstanding balances on our credit lines. The expanded availability on our credit facilities enables us to retire secured debt over the next twelve months and pursue strategic acquisitions and investments in our portfolio.

RESULTS OF OPERATIONS

Properties that were in operation for the entire year during 2013 and the nine months ended September 30, 2014 are referred to as the "Comparable Properties." Since January 1, 2013, we have opened two outlet centers and two community center developments as follows:

Property	Location	Date Opened
New Developments:		
The Crossings at Marshalls Creek	Middle Smithfield, PA	June 2013
The Outlet Shoppes at Atlanta (1)	Woodstock, GA	July 2013
Fremaux Town Center (2)	Slidell, LA	March 2014
The Outlet Shoppes of the Bluegrass (3)	Simpsonville, KY	July 2014

(1) The Outlet Shoppes at Atlanta is a 75/25 joint venture and is included in the accompanying condensed consolidated statements of operations on a consolidated basis.

(2) Fremaux Town Center is a 65/35 joint venture that is accounted for using the equity method of accounting and is included in equity in earnings of unconsolidated affiliates in the accompanying condensed consolidated statements of operations.

(3) The Outlet Shoppes of the Bluegrass is a 65/35 joint venture and is included in the accompanying condensed consolidated statements of operations on a consolidated basis.

Of these properties, The Crossings at Marshalls Creek, The Outlet Shoppes at Atlanta and The Outlet Shoppes of the Bluegrass are included in our operations on a consolidated basis and are collectively referred to as the "New Properties." The transactions related to the New Properties impact the comparison of the results of operations for the three and nine months ended September 30, 2014 to the results of operations for the three and nine months ended September 30, 2013.

Comparison of the Three Months Ended September 30, 2014 to the Three Months Ended September 30, 2013

Revenues

Total revenues increased $1.2 million for the three months ended September 30, 2014 compared to the prior-year period. Rental revenues and tenant reimbursements increased by $2.4 million due to increases of $3.2 million related to the New Properties partially offset by a decrease of $0.8 million from the Comparable Properties. The $0.8 million change includes decreases of $2.9 million from 2014 dispositions and $1.9 million from non-core properties and those in redevelopment partially offset by a $4.0 million increase related to our same-center properties due to higher occupancy and improved leasing results.

Our cost recovery ratio for the quarter ended September 30, 2014 was 99.8% compared with 94.9% for the prior-year period primarily due to a decrease in property operating expenses.

The increase of $0.1 million in management, development and leasing fees was primarily attributable to an increase of $0.6 million of development fee income, partially offset by a decrease of $0.5 million in management fees.

Other revenues decreased $1.3 million primarily due to $0.9 million received in the prior year as a claims settlement for lost business as a result of the Deepwater Horizon oil spill and a decrease of $0.4 million in revenue related to our subsidiary that provides security and maintenance services to third parties.

Operating Expenses

Total operating expenses increased $1.5 million for the three months ended September 30, 2014 compared to the prior-year period, which was primarily attributable to a $3.5 million increase in depreciation and amortization expense related to capital expenditures for renovations, redevelopment and deferred maintenance partially offset by a decrease in property operating

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expenses. Property operating expenses, including real estate taxes and maintenance and repairs, decreased $2.9 million primarily due to a decrease of $3.7 million attributable to the Comparable Properties, partially offset by an increase of $0.8 million related to the New Properties. The $3.7 million decrease in property operating expenses of the Comparable Properties is primarily attributable to decreases in insurance expense and real estate taxes, which were partially offset by an increase in bad debt expense.

The increase in depreciation and amortization expense of $3.5 million resulted from increases of $2.5 million related to the Comparable Properties and $1.0 million attributable to the New Properties. The increase attributable to the Comparable Properties is primarily due to increases of $1.8 million in amortization of tenant allowances, which results mainly from write-offs associated with tenant closings, and $1.5 million in depreciation expense related to capital expenditures for renovations, redevelopments and deferred maintenance.

General and administrative expenses decreased $0.7 million primarily due to a decrease in payroll and related expense partially offset by increases in consultant and legal fees. As a percentage of revenues, general and administrative expenses were 3.7% and 3.9% for the third quarters of 2014 and 2013, respectively.

In the third quarter of 2014, we recognized an impairment of $0.5 million to write-down the book value of Pemberton Plaza to its net sales price upon its sale in September 2014.

Other expenses increased $1.0 million primarily due to higher expenses related to our subsidiary that provides security and maintenance services.

Other Income and Expenses

Interest and other income decreased $8.3 million compared to the prior-year period primarily due to $8.2 million received as a partial settlement of a lawsuit in 2013.

Interest expense increased $3.9 million for the three months ended September 30, 2014 compared to the prior-year period. Interest expense at the corporate level increased $5.9 million primarily due to the interest on the bonds that were issued during the fourth quarter of 2013, the proceeds of which were used to reduce outstanding borrowings on our credit facilities that bear interest at a lower rate than the bonds. Interest expense at the property level decreased $1.7 million for our same-center properties, partially offset by an increase of $0.9 million in interest from the New Properties.

During the third quarter of 2014, we recorded a gain on extinguishment of debt of $18.2 million as a result of the conveyance of Chapel Hill Mall to the lender, representing the excess of the outstanding balance of the debt extinguished over the net book value of the property as of the transfer date. See Note 6 for additional information.

In the third quarter of 2014, we recognized $0.4 million of gain on sales of real estate assets for the sale of four outparcels. We recognized a $0.1 million gain on sale of real estate assets in the third quarter of 2013 attributable to additional consideration received for an outparcel previously taken through an eminent domain proceeding.

Equity in earnings of unconsolidated affiliates increased by $1.7 million during the third quarter of 2014 compared to the prior-year period. The $1.7 million increase consists of an increase of $1.0 million, which is primarily attributable to increases in base rents based on occupancy gains and growth in rental rates at several unconsolidated affiliates and $0.7 million of gain on sales of real estate assets related to the sales of three outparcels.

The income tax provision of $3.1 million for the three months ended September 30, 2014 relates to the Management Company, which is a taxable REIT subsidiary, and consists of a current and deferred tax provision of $2.2 million and $0.9 million, respectively. During the three months ended September 30, 2013, we recorded an income tax provision of $0.3 million, consisting of a current tax provision of $0.4 million and a deferred tax benefit of less than $0.2 million.

Operating income from discontinued operations for the three months ended September 30, 2014 of $0.1 million includes settlements of estimated expenses based on actual results for properties sold in previous periods. The operating loss from discontinued operations for the three months ended September 30, 2013 of $8.3 million includes a $5.2 million loss on impairment of real estate to write down the net book value of a portfolio of six properties sold in the third quarter of 2013 to the net sales price, a $2.9 million write-off of straight line rent for properties sold during the period, the operating results of the three malls and three associated centers sold in a third quarter 2013 portfolio sale, and settlement of estimated expenses based on actual amounts for properties sold in previous periods. The $0.3 million gain on discontinued operations for the third quarter of 2013 is primarily attributable to recognition of a gain from the sale of two office buildings which had been deferred in December 2008 until subsequent repayment of the related notes receivable.

Comparison of the Nine Months Ended September 30, 2014 to the Nine Months Ended September 30, 2013

Revenues

Total revenues increased $5.3 million for the nine months ended September 30, 2014 compared to the prior-year period. Rental revenues and tenant reimbursements increased by $7.0 million due to increases of $11.4 million related to the New

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Properties and $7.6 million attributable to the Comparable Properties, partially offset by decreases of $7.8 million associated with 2014 property dispositions and $4.2 million attributable to our non-core properties. The increase in revenues at our Comparable Properties was due to higher occupancy and improved leasing results.

Our cost recovery ratio for the nine months ended September 30, 2014 and 2013 was 97.8%.

The increase of $0.1 million in management, development and leasing fees was primarily attributable to an increase of $1.1 million in development fees related to the construction of an outlet center and a community center, partially offset by a decrease of $0.9 million in management fee income.

Other revenues decreased $1.9 million primarily due to a decrease of $1.3 million in revenue related to our subsidiary that provides security and maintenance services to third parties and $0.9 million received in 2013 as a claims settlement for lost business as a result of the Deepwater Horizon oil spill, which was partially offset by an increase of $0.5 million in miscellaneous revenues.

Operating Expenses

Total operating expenses increased $2.9 million for the nine months ended September 30, 2014 compared to the prior-year period. Property operating expenses, including real estate taxes and maintenance and repairs, increased $0.8 million primarily due to an increase of $3.1 million attributable to the New Properties, partially offset by a decrease of $2.3 million related to the Comparable Properties. The decrease in property operating expenses of the Comparable Properties is primarily attributable to decreases in insurance expense and real estate taxes, which were partially offset by increases in bad debt expense and snow removal costs.

The increase in depreciation and amortization expense of $6.1 million resulted from increases of $3.5 million related to the New Properties and $4.4 million attributable to the Comparable Properties, which were partially offset by a decrease of $1.8 million related to 2014 dispositions. The $4.4 million increase attributable to the Comparable Properties is primarily due to increases of $5.3 million in depreciation expense related to capital expenditures for renovations, redevelopments and deferred maintenance, which were partially offset by a decrease in amortization of in-place leases.

General and administrative expenses decreased $0.9 million primarily as a result of decreases in travel costs and payroll and related costs, which were partially offset by increases in consultant fees and share-based compensation expense. As a percentage of revenues, general and administrative expenses were 4.6% and 4.7% for the nine month periods ended September 30, 2014 and 2013, respectively.

During the nine months ended September 30, 2014, we recorded a non-cash impairment of real estate in continuing operations of $17.8 million to reduce the depreciated book value of Lakeshore Mall, Chapel Hill Mall and Pemberton Plaza to their estimated fair values. See Note 3 to the condensed consolidated financial statements for additional information. During the nine months ended September 30, 2013, we recorded non-cash impairment charges of $21.0 million, which consisted of $20.4 million related to Citadel Mall and $0.6 million attributable to the trade-in of the Company's aircraft at a price below its cost basis.

Other expenses increased $0.1 million primarily due to higher expenses related to our subsidiary that provides security and maintenance services.

Other Income and Expenses

Interest and other income decreased $6.7 million compared to the prior-year period primarily due to $8.2 million received as partial settlement of litigation in the prior year, partially offset by an insurance claim reimbursement of $0.8 million and $0.8 million received as a partial settlement of ongoing litigation in the current year. See Note 12 to the condensed consolidated financial statements for additional information on the partial legal settlements.

Interest expense increased $6.6 million for the nine months ended September 30, 2014 compared to the prior-year period. Interest expense at the corporate level increased $17.7 million primarily due to the interest on the bonds that were issued during the fourth quarter of 2013, the proceeds of which were used to reduce outstanding borrowings on our credit facilities that bear interest at a lower rate than the bonds. Interest expense at the property level included increases of $2.8 million from the New Properties, partially offset by decreases of $11.1 million related to the Comparable Properties due to our continued efforts to reduce debt levels and $1.2 million attributable to the 2014 dispositions.

During the nine months ended September 30, 2014, we recorded a gain on extinguishment of debt of $60.9 million. We recognized a $43.9 million gain on extinguishment of debt related to the foreclosure of Citadel Mall as the carrying value of the mortgage loan exceeded the carrying value of the property that was transferred to the lender in satisfaction of that loan, an $18.2 million gain on extinguishment of debt related to the conveyance of Chapel Hill Mall to the lender of the non-recourse mortgage loan through a deed-in-lieu of foreclosure and a loss of $1.2 million due to a prepayment fee on the early retirement of a mortgage loan on St. Clair Square. During the nine months ended September 30, 2013, we recorded a loss on extinguishment of debt of $9.1 million in connection with the early retirement of two mortgage loans. The loss was attributable to a prepayment fee of $8.7 million

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for the loan payoff of Mid Rivers Mall and $0.4 million to write-off unamortized financing costs for Mid Rivers Mall and South County Center.

During the nine months ended September 30, 2014, we recognized a $3.5 million gain on sales of real estate assets which consisted of $0.9 million attributable to the sale of a portion of Foothills Plaza, an associated center located in Maryville, TN and $2.6 million for the sale of nine outparcels. During the nine months ended September 30, 2013, we recognized a gain on sale of real estate assets of $1.1 million, which was comprised of $1.0 million in proceeds from the sale of six parcels of land and $0.1 million attributable to additional consideration received for an outparcel previously taken through an eminent domain proceeding.

We recorded a gain on investment of $2.4 million in the nine months ended September 30, 2013 attributable to the payment of a note receivable related to our investment in China that was written down in 2009.

Equity in earnings of unconsolidated affiliates increased by $3.4 million during the nine months ended September 30, 2014 compared to the prior-year period. The $3.4 million increase consists of an increase of $2.7 million, which is primarily attributable to increases in base rents based on occupancy gains and growth in rental rates at several unconsolidated affiliates and $0.7 million of gain on sales of real estate assets related to the sale of three outparcels.

The income tax provision of $4.3 million for the nine months ended September 30, 2014 relates to the Management Company, which is a taxable REIT subsidiary, and consists of a current and deferred tax provision of $3.0 million and over $1.2 million, respectively. During the nine months ended September 30, 2013, we recorded an income tax provision of $0.9 million, consisting of a current tax benefit of $0.8 million and a deferred tax provision of $1.7 million.

The operating loss from discontinued operations for the nine months ended September 30, 2014 of $0.5 million includes settlements of estimated expenses based on actual results for properties sold in previous periods. The operating loss from discontinued operations for the nine months ended September 30, 2013 of $5.2 million includes a $5.2 million loss on impairment of real estate to write down the net book value of a portfolio of six properties sold in the third quarter of 2013 to the net sales price, a $2.9 million write-off of straight line rent for properties sold during the period, the operating results of the three malls, three associated centers and five office buildings sold in 2013, and settlement of estimated expenses based on actual amounts for properties sold in previous periods. The gain on discontinued operations of $0.1 million for the nine months ended September 30, 2014 relates to true-ups for properties sold in previous periods. The $1.2 million gain on discontinued operations for the nine months ended September 30, 2013 represents the gain from the sale of five office buildings sold during the period as well as recognition of a gain from the sale of two office buildings which had been deferred in December 2008 until subsequent repayment of the related notes receivable.

Same-Center Net Operating Income

NOI is a supplemental measure of the operating performance of our shopping centers and other properties. We define NOI as property operating revenues (rental revenues, tenant reimbursements and other income) less property operating expenses (property operating, real estate taxes and maintenance and repairs).

Similar to Funds from Operations ("FFO"), we compute NOI based on our pro rata share of both consolidated and unconsolidated properties. Our definition of NOI may be different than that used by other companies, and accordingly, our calculation of NOI may not be comparable to that of other companies.

Since NOI includes only those revenues and expenses related to the operations of our shopping center properties, we believe that same-center NOI provides a measure that reflects trends in occupancy rates, rental rates and operating costs and the impact of those trends on our results of operations. In the fourth quarter of 2013, we modified our calculation of same-center NOI to exclude lease termination income, straight-line rent adjustments, and amortization of above and below market lease intangibles in order to enhance the comparability of results from one period to another, as these items can be impacted by one-time events that may distort same-center NOI trends and may result in same-center NOI that is not indicative of the ongoing operations of our shopping center and other properties.

Same-center NOI is for real estate properties and does not include the results of operations of the Company's subsidiary that provides janitorial, security and maintenance services.

We include a property in our same-center pool when we have owned all or a portion of the property since January 1 of the preceding calendar year and it has been in operation for both the entire preceding calendar year and current year-to-date period. New Properties are excluded from same-center NOI, until they meet this criteria. The only properties excluded from the same-center pool that would otherwise meet this criteria are non-core properties, properties under major redevelopment, properties where we intend to renegotiate the terms of the debt secured by the related property and properties included in discontinued operations. See below for a list of our non-core and lender properties as of September 30, 2014. Properties under major redevelopment as of September 30, 2014 include Chesterfield Mall, Northgate Mall, CoolSprings Galleria, Wausau Center, the Annex at Monroeville and the former Sears store at Fayette Mall.

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Due to the exclusions noted above, same-center NOI should only be used as a supplemental measure of our performance and not as an alternative to GAAP operating income (loss) or net income (loss). A reconciliation of our same-center NOI to net income attributable to the Company for the three and nine month periods ended September 30, 2014 and 2013 is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income attributable to the Company	$49,342	$34,324	$142,594	$76,361
Adjustments: [1]				
Depreciation and amortization	81,296	79,049	238,003	238,209
Interest expense	68,558	65,105	204,876	200,023
Abandoned projects expense	47	140	81	141
Gain on sales of real estate assets	(1,132)	(69)	(4,211)	(1,069)
Gain on investment	—	—	—	(2,400)
(Gain) loss on extinguishment of debt	(18,282)	—	(60,942)	9,108
Loss on impairment	497	5,234	18,434	26,272
Income tax provision	3,083	271	4,266	854
Lease termination fees	(1,044)	(887)	(2,395)	(3,425)
Straight-line rent and above- and below-market lease amortization	(1,340)	2,113	(3,028)	(1,352)
Net income attributable to noncontrolling interest in earnings of Operating Partnership	6,576	4,075	18,847	7,602
Gain on discontinued operations	2	(290)	(88)	(1,162)
General and administrative expenses	9,474	10,160	35,583	36,459
Management fees and non-property level revenues	(4,284)	(10,270)	(18,736)	(14,027)
Company's share of property NOI	192,793	188,955	573,284	571,594
Non-comparable NOI	(17,570)	(18,838)	(49,942)	(59,415)
Total same-center NOI	$175,223	$170,117	$523,342	$512,179

(1) Adjustments are based on our pro rata ownership share, including our share of unconsolidated affiliates and excluding noncontrolling interests' share of consolidated properties.

Same-center NOI increased $5.1 million and $11.2 million for the three and nine month periods ending September 30, 2014 as compared to the same periods in 2013. Same-center NOI for the three and nine month periods ending September 30, 2014 increased 3.0% and 2.2%, respectively, as compared to the same periods in 2013. Our NOI growth of 3.0% for the three months ended September 30, 2014 as compared to the prior-year period benefited from an increase of 1.8% in average annual base rents for our same-center stabilized mall portfolio, which was partially offset by a decrease of 0.3% in same-center stabilized mall occupancy. The majority of NOI growth was driven by a $3.0 million and $10.5 million increase in minimum rents for the three and nine month periods ending September 30,2014 as well as a $2.2 million increase in tenant reimbursements for the three and nine month periods ended September 30, 2014. Additionally, operating expenses decreased $0.6 million and $1.1 million for the three and nine month periods ended September 30, 2014 as compared to the prior-year periods. These decreases are attributable to operating efficiencies and reductions in repairs and maintenance expense.

Operational Review

The shopping center business is, to some extent, seasonal in nature with tenants typically achieving the highest levels of sales during the fourth quarter due to the holiday season, which generally results in higher percentage rents in the fourth quarter. Additionally, the malls earn most of their 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 four categories:

(1) Stabilized malls – Malls that have completed their initial lease-up and have been open for more than three complete calendar years.

(2) Non-stabilized malls - Malls that are in their initial lease-up phase. After three complete calendar years of operation, they are reclassified on January 1 of the fourth calendar year to the stabilized mall category. The Outlet Shoppes of the Bluegrass, which opened in July 2014, The Outlet Shoppes at Atlanta, which opened in July 2013, and The

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Outlet Shoppes at Oklahoma City, which opened in August 2011, were classified as non-stabilized malls as of September 30, 2014. The Outlet Shoppes at Atlanta and The Outlet Shoppes at Oklahoma City were classified as non-stabilized malls as of September 30, 2013.

(3) Non-core malls - Malls where we have determined that the current format of the property no longer represents the best use of the property and we are in the process of evaluating alternative strategies for the property, which may include major redevelopment or an alternative retail or non-retail format, or after evaluating alternative strategies for the property, we have determined that the property no longer meets our criteria for long-term investment. Similar criteria apply to the classification of an Associated Center or Community Center as a non-core property. The steps taken to reposition non-core properties, such as signing tenants to short-term leases, which are not included in occupancy percentages, or leasing to regional or local tenants, which typically do not report sales, may lead to metrics which do not provide relevant information related to the condition of the non-core properties. Therefore, traditional performance measures, such as occupancy percentages and leasing metrics, exclude non-core properties. Columbia Place and Madison Square were classified as non-core malls as of September 30, 2014. Columbia Place, Citadel Mall, Chapel Hill Mall and Madison Square were classified as non-core malls as of September 30, 2013. Additionally, Madison Plaza, an associated center adjacent to Madison Square, was classified as a non-core property as of September 30, 2014 and 2013. The foreclosure of Citadel Mall was completed in the first quarter of 2014 and Chapel Hill Mall and Columbia Place were conveyed to the respective lenders by a deed-in-lieu of foreclosure in September 2014 and October 2014, respectively.

(4) Lender malls - Properties for which we are working or intend to work with the lender on the terms of the loan secured by the related property. As of September 30, 2014, Gulf Coast Town Center and Triangle Town Center were classified as lender malls. Additionally, Triangle Town Place, an associated center adjacent to Triangle Town Center, was classified a lender property as of September 30, 2014. Lender properties are excluded from our same-center pool because they are under cash management agreements with the respective servicers. As such, the servicer controls the cash flow of these properties.

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

	Nine Months Ended September 30,			
	2014		2013	
Malls	88.0	%	91.6	%
Associated centers	4.0	%	4.1	%
Community centers	1.8	%	1.7	%
Mortgages, office buildings and other	6.2	%	2.6	%

Mall Store Sales

Mall store sales include reporting mall tenants of 10,000 square feet or less for stabilized malls and exclude license agreements, which are retail contracts that are temporary or short-term in nature and generally last more than three months but less than twelve months. Same-store sales per square foot increased 0.8% for the quarter ended September 30, 2014 as many retailers posted healthy results for the back to school sales season. Mall store sales for the trailing twelve months ended September 30, 2014 on a comparable per square foot basis declined approximately 1.9% to $356 per square foot. Although we anticipate growth in sales from the upcoming holiday season in the fourth quarter, our expectations are that sales will be flat for the year.

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Occupancy

Our portfolio occupancy is summarized in the following table:

	As of September 30,	
	2014	2013
Total portfolio	93.7 %	93.8 %
Total mall portfolio	93.5 %	93.5 %
Same-center stabilized malls	93.3 %	93.6 %
Stabilized malls	93.3 %	93.4 %
Non-stabilized malls [1]	97.4 %	97.1 %
Associated centers	93.7 %	94.6 %
Community centers	97.6 %	96.1 %

(1) Represents occupancy for The Outlet Shoppes of the Bluegrass, The Outlet Shoppes at Atlanta and The Outlet Shoppes at Oklahoma City as of September 30, 2014 and occupancy for The Outlet Shoppes at Atlanta and The Outlet Shoppes at Oklahoma City as of September 30, 2013.

For 2014, we continue to forecast occupancy improvements of 0 to 25 basis points as compared to 2013 for the total portfolio as well as for the stabilized mall portfolio as we continue to upgrade the retail mix in our portfolio. The slight decrease in occupancy for our same-center stabilized malls as compared to the prior-year period was primarily due to the timing of store openings.

Leasing

The following is a summary of the total square feet of leases signed in the three and nine month periods ended September 30, 2014 as compared to the prior-year period:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Operating portfolio:				
New leases	376,019	351,722	1,037,886	1,053,472
Renewal leases	687,830	1,202,283	2,170,032	2,959,292
Development portfolio:				
New leases	131,993	193,503	547,294	644,563
Total leased	1,195,842	1,747,508	3,755,212	4,657,327

Average annual base rents per square foot are based on contractual rents in effect as of September 30, 2014 and 2013, including the impact of any rent concessions. Average annual base rents per square foot for comparable small shop space of less than 10,000 square feet were as follows for each property type:

	As of September 30,	
	2014	2013
Same-center stabilized malls	$30.74	$30.19
Stabilized malls	30.74	29.97
Non-stabilized malls [1]	25.25	24.61
Associated centers	12.87	11.97
Community centers	16.09	15.76
Office buildings	19.38	19.26

(1) Represents average annual base rents for The Outlet Shoppes of the Bluegrass, The Outlet Shoppes at Atlanta and The Outlet Shoppes at Oklahoma City as of September 30, 2014 and average annual base rents for The Outlet Shoppes at Atlanta and The Outlet Shoppes at Oklahoma City as of September 30, 2013.

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Results from new and renewal leasing of comparable small shop space of 10,000 square feet or less during the three and nine month periods ended September 30, 2014 for spaces that were previously occupied, based on the contractual terms of the related leases inclusive of the impact of any rent concessions, are as follows:

Property Type	Square Feet	Prior Gross Rent PSF	New Initial Gross Rent PSF	% Change Initial	New Average Gross Rent PSF (1)	% Change Average
Quarter:						
All Property Types (2)	482,611	$35.73	$40.61	13.7 %	$42.06	17.7 %
Stabilized malls	441,528	37.30	42.36	13.6 %	43.85	17.6 %
New leases	98,698	45.55	52.90	16.1 %	56.01	23.0 %
Renewal leases	342,830	34.92	39.32	12.6 %	40.35	15.5 %
Year-to-Date:						
All Property Types (2)	1,572,034	$38.19	$41.59	8.9 %	$42.90	12.3 %
Stabilized malls	1,416,108	39.92	43.54	9.1 %	44.92	12.5 %
New leases	364,561	40.21	49.04	22.0 %	52.01	29.3 %
Renewal leases	1,051,547	39.82	41.63	4.6 %	42.47	6.7 %

(1) Average gross rent does not incorporate allowable future increases for recoverable common area expenses.
(2) Includes stabilized malls, associated centers, community centers and office buildings.

New and renewal leasing activity of comparable small shop space of less than 10,000 square feet for the nine month period ended September 30, 2014 based on commencement date is as follows:

	Number of Leases	Square Feet	Term (in years)	Initial Rent PSF	Average Rent PSF	Expiring Rent PSF	Initial Rent Spread		Average Rent Spread	
Commencement 2014:										
New	214	556,094	8.19	$46.09	$48.81	$37.17	$8.92	24.0 %	$11.64	31.3 %
Renewal	537	1,536,532	4.10	38.72	39.62	36.60	2.12	5.8 %	3.02	8.3 %
Commencement 2014 Total	751	2,092,626	5.27	$40.68	$42.06	$36.75	$3.93	10.7 %	$5.31	14.4 %
Commencement 2015:										
New	33	85,256	9.68	$51.34	$54.71	$40.44	$10.90	27.0 %	$14.27	35.3 %
Renewal	123	383,481	4.48	36.36	37.25	33.56	2.80	8.3 %	3.69	11.0 %
Commencement 2015 Total	156	468,737	5.58	$39.08	$40.42	$34.81	$4.27	12.3 %	$5.61	16.1 %
Total 2014/2015	907	2,561,363	5.32	$40.39	$41.76	$36.40	$3.99	11.0 %	$5.36	14.7 %

Leasing spreads continue to reflect the strong demand for space at our properties. Rental rates for renewal leases improved as a result of the conversion of a number of below-market rates to full rates.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2014, we had approximately $358.2 million outstanding on our combined credit facilities leaving approximately $941.8 million of availability. In July 2014, our Coastal Grand 50/50 joint venture closed on a $126.0

million loan. The new loan was used to retire an existing loan, which had a balance of $75.2 million, as well as to pay off $18.0 million of subordinated notes, which were held 50/50 by us and our joint venture partner. Excess proceeds were distributed on a pro rata basis. Our share of the approximately $25.0 million in net proceeds was used to reduce outstanding balances on our credit facilities. The new 10-year non-recourse loan bears interest at a fixed rate of 4.0865%. Subsequent to September 30, 2014, we used availability on our credit facilities to retire our one remaining 2014 mortgage maturity, the $113.4 million mortgage loan secured by Mall del Norte. This continues our strategy of adding to our pool of unencumbered assets.

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In October 2014, we executed a $300.0 million offering of senior unsecured notes that bear interest at 4.60% payable semiannually beginning April 15, 2015 and maturing on October 15, 2024. Net proceeds from the offering were approximately $297.7 million, after deducting the underwriting discount and other offering expenses. Proceeds were used to reduce amounts outstanding under our credit facilities and for general business purposes.

We sold a community center in September 2014 for $2.0 million realizing net proceeds of $1.9 million. Additionally, two of our non-core malls, Chapel Hill Mall and Columbia Place, were conveyed to the respective lenders through a deed-in-lieu of foreclosure in full satisfaction of the non-recourse debt secured by these malls. We transferred Chapel Hill Mall to the lender in September 2014 and recognized a gain on extinguishment of debt of $18.2 million in the third quarter of 2014. The transfer of Columbia Place occurred in October 2014 and will be reflected in fourth quarter 2014 results.

We derive a majority of our revenues from leases with retail tenants, which have historically been the primary source for funding short-term liquidity and capital needs such as operating expenses, debt service, tenant construction allowances, recurring capital expenditures, dividends and distributions. We believe that the combination of cash flows generated from our operations, combined with our debt and equity sources and the availability under our credit facilities will, for the foreseeable future, provide adequate liquidity to meet our cash needs. In addition to these factors, we have options available to us to generate additional liquidity, including but not limited to, debt and equity offerings, joint venture investments, issuances of noncontrolling interests in our Operating Partnership, and decreasing expenditures related to tenant construction allowances and other capital expenditures. We also generate revenues from sales of peripheral land at our properties and from sales of real estate assets when it is determined that we can realize an optimal value for the assets.

Cash Flows - Operating, Investing and Financing Activities

There was $45.1 million of unrestricted cash and cash equivalents as of September 30, 2014, a decrease of $20.4 million from December 31, 2013. Our cash flow activities are summarized as follows (in thousands):

	Nine Months Ended September 30,		
	2014	2013	Change
Net cash provided by operating activities	$329,334	$336,037	$(6,703)
Net cash used in investing activities	(143,413)	(63,393)	(80,020)
Net cash used in financing activities	(206,350)	(276,304)	69,954
Net cash flows	$(20,429)	$(3,660)	$(16,769)

The net decrease of $6.7 million in operating cash flows for the nine months ended September 30, 2014 was primarily due to:

- a decrease in operating cash flows related to non-core properties and
- a decrease in operating cash flows related to the properties that were sold since January 1, 2013, partially offset by
- an increase in operating cash flows in our same-center portfolio due to the increase in NOI of those properties and
- an increase of operating cash flows from the New Properties.

The net increase of $80.0 million in cash flows used in investing activities for the nine months ended September 30, 2014 was primarily due to:

- a reduction in proceeds from the sale of real estate assets due to three malls, three associated centers and five office buildings that were sold during the nine months ended September 30, 2013;
- a reduction in additions to and acquisitions of real estate assets related to the acquisition of the remaining 51% noncontrolling interest in Kirkwood Mall, construction of two outlet centers and the acquisition of a Sears store during the nine months ended September 30, 2013;
- an increase in payments received on mortgage and other notes receivable related to the payment of a note receivable received as a component of the consideration for the sale of Lakeshore Mall during the nine months ended September 30, 2014;
- a reduction in additional investments in unconsolidated affiliates due to advances during the nine months ended September 30, 2013 to fund the purchase of a Sears store and an initial equity contribution for the formation of a joint venture related to the development of Fremaux Town Center; and

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- an increase in distributions in excess of equity in earnings of unconsolidated affiliates received during the nine months ended September 30, 2014 primarily related to excess proceeds from refinancings completed at certain unconsolidated affiliates.

The net decrease of $70.0 million related to cash flows used in financing activities for the nine months ended September 30, 2014 was primarily due to:

- a reduction related to the cash used to redeem the Westfield PJV units during the nine months ended September 30, 2013; partially offset by
- a reduction in net borrowings on indebtedness and proceeds from issuance of common stock during the nine months ended September 30, 2013 that were used to fund the redemption of the Westfield PJV units.

Debt

Debt of the Company

We have no indebtedness. Either the Operating Partnership, one of its consolidated subsidiaries or an unconsolidated affiliate that the Operating Partnership has a direct or indirect ownership interest in is the borrower on all of our debt. We are a limited guarantor of the 5.25% senior notes, issued by the Operating Partnership in November 2013, for losses suffered solely by reason of fraud or willful misrepresentation by the Operating Partnership or its affiliates. We also provide a similar limited guarantee of the Operating Partnership's obligations with respect to our unsecured credit facilities and two unsecured term loans as of September 30, 2014.

We also have guaranteed 100% of the debt secured by The Promenade in D'Ilberville, MS, which had a balance of $48.1 million at September 30, 2014.

See Note 16 to the condensed consolidated financial statements for a description of senior notes issued by the Operating Partnership subsequent to September 30, 2014, for which CBL is a limited guarantor.

Debt of the Operating Partnership

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

	Consolidated	Noncontrolling Interests	Unconsolidated Affiliates	Total	Weighted-Average Interest Rate (1)
September 30, 2014					
Fixed-rate debt:					
Non-recourse loans on operating properties (2)	$3,337,037	$(85,978)	$673,412	$3,924,471	5.46%
Senior unsecured notes (3)	445,678	—	—	445,678	5.25%
Other (4)	6,175	(3,087)	—	3,088	3.50%
Total fixed-rate debt	3,788,890	(89,065)	673,412	4,373,237	5.44%
Variable-rate debt:					
Non-recourse term loans on operating properties	17,191	(7,109)	—	10,082	2.37%
Recourse term loans on operating properties	90,374	—	89,220	179,594	2.11%
Construction loans	6,742	—	—	6,742	2.90%
Unsecured lines of credit	358,224	—	—	358,224	1.55%
Unsecured term loans	450,000	—	—	450,000	1.70%
Total variable-rate debt	922,531	(7,109)	89,220	1,004,642	1.74%

Total	$4,711,421	$(96,174	)	$762,632	$5,377,879	4.74%

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	Consolidated	Noncontrolling Interests	Unconsolidated Affiliates	Total	Weighted-Average Interest Rate (1)
December 31, 2013					
Fixed-rate debt:					
Non-recourse loans on operating properties (2)	$3,527,830	$(87,406)	$653,429	$4,093,853	5.50%
Senior unsecured notes (3)	445,374	—	—	445,374	5.25%
Financing obligation (5)	17,570	—	—	17,570	8.00%
Total fixed-rate debt	3,990,774	(87,406)	653,429	4,556,797	5.48%
Variable-rate debt:					
Non-recourse term loans on operating properties	133,712	(5,669)	—	128,043	3.19%
Recourse term loans on operating properties	51,300	—	63,311	114,611	2.08%
Construction loans	2,983	—	25,800	28,783	2.28%
Unsecured lines of credit	228,754	—	—	228,754	1.57%
Unsecured term loans	450,000	—	—	450,000	1.71%
Total variable-rate debt	866,749	(5,669)	89,111	950,191	1.94%
Total	$4,857,523	$(93,075)	$742,540	$5,506,988	4.87%

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

(2) We had four interest rate swaps with notional amounts outstanding totaling $106,677 as of September 30, 2014 and $109,830 as of December 31, 2013 related to four of our variable-rate loans on operating properties to effectively fix the interest rates on these loans. Therefore, these amounts are reflected in fixed-rate debt at September 30, 2014 and December 31, 2013.

(3) Net of discount in the amount of $4,322 and $4,626 as of September 30, 2014 and December 31, 2013, respectively.

(4) A subsidiary of the Management Company entered into a term loan in May 2014.

(5) This amount represented the noncontrolling partner's unreturned equity contribution related to Pearland Town Center that was accounted for as a financing due to certain terms of the CBL/T-C, LLC joint venture agreement. In March 2014, we purchased the noncontrolling interest as described below.

As of September 30, 2014, $161.5 million of our pro rata share of consolidated and unconsolidated debt, excluding debt premiums, is scheduled to mature during the remainder of 2014 as well as $27.3 million related to Columbia Place, which matured in 2013. Subsequent to September 30, 2014, the deed to Columbia Place was conveyed to the lender and the debt the property secured was extinguished. We also retired an operating property loan, leaving a $48.1 million operating property loan that has an extension option we may exercise.

The weighted-average remaining term of our total share of consolidated and unconsolidated debt was 4.0 years at September 30, 2014 and 4.8 years at December 31, 2013. The weighted-average remaining term of our pro rata share of fixed-rate debt was 4.3 years and 5.2 years at September 30, 2014 and December 31, 2013, respectively.

As of September 30, 2014 and December 31, 2013, our pro rata share of consolidated and unconsolidated variable-rate debt represented 18.7% and 17.3%, respectively, of our total pro rata share of debt. The increase is primarily due to an increase in variable-rate debt related to the construction of an outlet center and a community center as well as utilization of our credit facilities. As of September 30, 2014, our share of consolidated and unconsolidated variable-rate debt represented 10.5% of our total market capitalization (see Equity below) as compared to 9.8% as of December 31, 2013.

Senior Unsecured Notes

In November 2013, the Operating Partnership issued $450.0 million of 2023 Notes. The interest rate is subject to an increase ranging from 0.25% to 1.00% from time to time if, on or after January 1, 2016 and prior to January 1, 2020, our ratio of secured debt to total assets, as defined, is greater than 40% but less than 45%. The 2023 Notes are redeemable at the Operating Partnership's election, in whole or in part from time to time, on not less than 30 days notice to the holders of the 2023 Notes to be redeemed. The 2023 Notes may be redeemed prior to September 1, 2023 for cash, at a redemption price equal to the greater of (1) 100% of the aggregate principal amount of the 2023 Notes to be redeemed or (2) an amount equal to the sum of the present values of the remaining scheduled payments of principal and interest on the 2023 Notes to be redeemed, discounted to the redemption date on a semi-annual basis at the treasury rate, as defined, plus 0.40%, plus accrued and unpaid interest. On or after September 1, 2023,

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the 2023 Notes are redeemable for cash at a redemption price equal to 100% of the aggregate principal amount of the 2023 Notes to be redeemed plus accrued and unpaid interest.
See Note 16 to the condensed consolidated financial statements for a description of senior notes issued by the Operating Partnership subsequent to September 30, 2014.

Financing Obligation

In the first quarter of 2014, we exercised our right to acquire the 12.0% noncontrolling interest in Pearland Town Center, which was accounted for as a financing obligation upon its sale in October 2011, from our joint venture partner. The $17.9 million purchase price represented the partner's unreturned capital plus accrued and unpaid preferred return at a rate of 8.0%. See Note 5 to the condensed consolidated financial statements for additional information.

Unsecured Lines of Credit

We have three unsecured credit facilities that are used for retirement of secured loans, repayment of term loans, working capital, construction and acquisition purposes, as well as issuances of letters of credit.

Each facility bears interest at LIBOR plus a spread of 100 to 175 basis points based on our credit ratings. As of September 30, 2014, the interest rate based on our credit ratings of Baa3 from Moody's and BBB- from Fitch is LIBOR plus 140 basis points. Additionally, we pay an annual facility fee that ranges from 0.15% to 0.35% of the total capacity of each facility. As of September 30, 2014, the annual facility fee was 0.30%. The three unsecured lines of credit had a weighted-average interest rate of 1.55% at September 30, 2014.
The following summarizes certain information about our unsecured lines of credit as of September 30, 2014 (in thousands):

	Total Capacity	Total Outstanding		Maturity Date	Extended Maturity Date (1)
Wells Fargo - Facility A	$600,000	$201,841	(2)	November 2015	November 2016
First Tennessee	100,000	7,000	(3)	February 2016	N/A
Wells Fargo - Facility B	600,000	149,383	(4)	November 2016	November 2017
	$1,300,000	$358,224			

(1) The extension options are at our election, subject to continued compliance with the terms of the facilities, and have a one-time extension fee of 0.20% of the commitment amount of each credit facility.

(2) There was an additional $1,525 outstanding on this facility as of September 30, 2014 for letters of credit. Up to $50,000 of the capacity on this facility can be used for letters of credit.

(3) There was an additional $113 outstanding on this facility as of September 30, 2014 for letters of credit. Up to $20,000 of the capacity on this facility can be used for letters of credit.

(4) There was an additional $123 outstanding on this facility as of September 30, 2014 for letters of credit. Up to $50,000 of the capacity on this facility can be used for letters of credit.

Unsecured Term Loans

We have a $400.0 million unsecured term loan, which bears interest at a variable rate of LIBOR plus 150 basis points based on our current credit ratings and has a maturity date of July 2018. At September 30, 2014, the outstanding borrowings of $400.0 million had an interest rate of 1.65%.
We also have a $50.0 million unsecured term loan that bears interest at LIBOR plus 190 basis points and matures in February 2018. At September 30, 2014, the outstanding borrowings of $50.0 million had a weighted-average interest rate of 2.06%.

Other

In May 2014, a consolidated, joint venture subsidiary of our Management Company closed on a $7.0 million term loan, which bears interest at a fixed rate of 3.5% and matures in May 2017. At September 30, 2014, the loan had an outstanding balance of $6.2 million, of which our share was $3.1 million.

In May 2014, the subsidiary of our Management Company also obtained a $3.5 million revolving line of credit, which bears interest at a variable rate of LIBOR plus 249 basis points and matures in June 2017. At September 30, 2014, the revolver had no amount outstanding.

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Covenants and Restrictions

The agreements for our unsecured lines of credit, the 2023 Notes and unsecured term loans contain, among other restrictions, certain financial covenants including the maintenance of certain financial coverage ratios, minimum net worth requirements, minimum unencumbered asset and interest ratios, maximum secured indebtedness ratios, maximum secured indebtedness and limitations on cash flow distributions. We believe we were in compliance with all covenants and restrictions at September 30, 2014.

Unsecured Lines of Credit and Unsecured Term Loans

The following presents our compliance with key covenant ratios, as defined, of the credit facilities and term loans as of September 30, 2014:

Ratio	Required	Actual
Debt to total asset value	< 60%	50.0%
Unencumbered asset value to unsecured indebtedness	> 1.60x	2.42x
Unencumbered NOI to unsecured interest expense	> 1.75x	4.47x
EBITDA to fixed charges (debt service)	> 1.50x	2.20x

The agreements for the unsecured credit facilities and unsecured term loans described above contain default provisions customary for transactions of this nature (with applicable customary grace periods). Additionally, any default in the payment of any recourse indebtedness greater than or equal to $50.0 million or any non-recourse indebtedness greater than $150.0 million (for our ownership share) of CBL, the Operating Partnership or any Subsidiary, as defined, will constitute an event of default under the agreements to the credit facilities. The credit facilities also restrict our ability to enter into any transaction that could result in certain changes in our ownership or structure as described under the heading "Change of Control/Change in Management" in the agreements for the credit facilities.

Senior Unsecured Notes

The following presents our compliance with key covenant ratios, as defined, of the 2023 Notes as of September 30, 2014:

Ratio	Required	Actual
Total debt to total assets	< 60%	53.8%
Secured debt to total assets	< 45% (1)	38.9%
Total unencumbered assets to unsecured debt	> 150%	233.4%
Consolidated income available for debt service to annual debt service charge	> 1.5x	3.1x

(1) On January 1, 2020 and thereafter, secured debt to total assets must be less than 40%.

The agreements for the 2023 Notes described above contain default provisions customary for transactions of this nature (with applicable customary grace periods). Additionally, any default in the payment of any recourse indebtedness greater than or equal to $50.0 million of the Operating Partnership will constitute an event of default under the 2023 Notes.

Other

Several of our malls/open-air centers, associated centers and community centers, in addition to our corporate office building, are owned by special purpose entities, created as a requirement under certain loan agreements, that are included in the our condensed consolidated financial statements. The sole business purpose of the special purpose entities is to own and operate these properties. 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 our other debts. 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 us.

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Mortgages on Operating Properties

The following table presents the loans, secured by the related properties, that have been entered into since January 1, 2014 (in thousands):

Date	Property	Consolidated/ Unconsolidated Property	Stated Interest Rate	Maturity Date [1]		Amount Financed or Extended
August	Fremaux Town Center - Phase I [2]	Unconsolidated	LIBOR + 2.0%	August 2016	[3]	47,291
August	Fremaux Town Center - Phase II [4]	Unconsolidated	LIBOR + 2.0%	August 2016	[3]	32,100
July	Coastal Grand-Myrtle Beach [5]	Unconsolidated	4.09%	August 2024		126,000
April	The Outlet Shoppes at Oklahoma City - Phase II [6]	Consolidated	LIBOR + 2.75%	April 2019	[7]	6,000
April	The Outlet Shoppes at Oklahoma City - Phase III [4]	Consolidated	LIBOR + 2.75%	April 2019	[7]	5,400
April	The Outlet Shoppes at El Paso - Phase II [8]	Consolidated	LIBOR + 2.75%	April 2018		7,000
February	Fremaux Town Center - Phase I [9]	Unconsolidated	LIBOR + 2.125%	March 2016		47,291

(1) Excludes any extension options.

(2) Fremaux amended and modified its Phase I construction loan to change the maturity date and interest rate. Additionally, our guarantee of the loan was reduced from 100% to 50% of the outstanding principal loan amount. See Note 12 to the condensed consolidated financial statements for further information on future guarantee reductions.

(3) The construction loan has two one-year extension options, which are at the joint venture's election, for an outside maturity date of August 2018.

(4) We have guaranteed 100% of the construction loan. See Note 12 to the condensed consolidated financial statements for further information on future guarantee reductions.

(5) Two subsidiaries of Mall of South Carolina L.P. and Mall of South Carolina Outparcel L.P., closed on a non-recourse loan, secured by Coastal Grand-Myrtle Beach in Myrtle Beach, SC. Net proceeds were used to retire the outstanding borrowings under the previous loan, which had a balance of $75,238 as well as to pay off $18,000 of subordinated notes to the Company and its joint venture partner, each of which held $9,000. See Note 8 to the condensed consolidated financial statements for additional information. Excess proceeds were distributed 50/50 to us and our partner.

(6) Proceeds from the operating property loan for Phase II were distributed to the partners in accordance with the terms of the partnership agreement. Our share of the proceeds was used to reduce the balances on our credit facilities.

(7) The loan has two one-year extension options, which are at the consolidated joint venture's election, for an outside maturity date of April 2021.

(8) The Operating Partnership has guaranteed 100% of the construction loan for the expansion of the outlet center until construction is complete and certain financial and operational metrics are met.

(9) Fremaux amended and restated its March 2013 loan agreement to increase the capacity on its construction loan from $46,000 to $47,291 for additional development costs related to Fremaux Town Center. We had guaranteed 100% of the loan. The construction loan had two one-year extension options, which were at the joint venture's election, for an outside maturity date of March 2018. See Note 2 and Note 3 above for information on the extension and modification of the Phase I loan in August 2014.

We have repaid the following loan, secured by the related property, since January 1, 2014 (in thousands):

Date	Property	Interest	Scheduled	Principal

		Rate at Repayment Date	Maturity Date	Balance Repaid [1]
January	St. Clair Square [2]	3.25%	December 2016	$122,375

(1) We retired the loan with borrowings from our credit facilities.
(2) We recorded a loss on extinguishment of debt from a $1,249 prepayment fee.

See Note 16 to the condensed consolidated financial statements for information on an operating property loan that was retired subsequent to September 30, 2014.
In February 2014, the lender of the non-recourse mortgage loan secured by Chapel Hill Mall in Akron, OH notified us that the loan had been placed in default. The lender on the loan began receiving the net operating cash flows of the property each month in May 2014. Chapel Hill Mall generated insufficient income levels to cover the debt service on the mortgage and, in September 2014, we conveyed Chapel Hill Mall to the mortgage lender by a deed-in-lieu of foreclosure. The mortgage loan had a balance of $68.6 million at the time of transfer. As a result of the conveyance, we recognized a gain on extinguishment of debt of $18.2 million

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in the third quarter of 2014 representing the amount by which the outstanding debt balance exceeded the debt extinguished over the net book value of the property as of the transfer date.

In the third quarter of 2013, the lender of the non-recourse mortgage loan secured by Citadel Mall in Charleston, SC sent a formal notice of default and initiated foreclosure proceedings. Citadel Mall generated insufficient income levels to cover the debt service on the mortgage and, in the second quarter of 2013, the lender on the loan began receiving the net operating cash flows of the property each month. A foreclosure sale occurred in January 2014 and the lender received the deed to the property in satisfaction of the non-recourse debt, which had a balance of $68.2 million at the time of foreclosure. The Company recognized a gain of $43.9 million related to the extinguishment of debt in the first quarter of 2014. See Note 4 to the condensed consolidated financial statements for further information.

The lender of the non-recourse mortgage loan secured by Columbia Place in Columbia, SC notified us in the first quarter of 2012 that the loan had been placed in default. Columbia Place generated insufficient income levels to cover the debt service on the mortgage, which had a balance of $27.3 million at September 30, 2014 and a contractual maturity date of September 2013. The lender on the loan received the net operating cash flows of the property each month. Subsequent to September 30, 2014, the mall was conveyed to the lender through a deed-in-lieu of foreclosure. See Note 16 to the condensed consolidated financial statements for additional information.

Interest Rate Hedging Instruments

As of September 30, 2014, we had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk (dollars in thousands):

Instrument Type	Location in Condensed Consolidated Balance Sheet	Notional Amount Outstanding	Designated Benchmark Interest Rate	Strike Rate	Fair Value at 9/30/14	Fair Value at 12/31/13	Maturity Date
Cap	Intangible lease assets and other assets	N/A	3-month LIBOR	5.000 %	N/A	$—	Jan 2014
Pay fixed/ Receive variable Swap	Accounts payable and accrued liabilities	$51,566 (amortizing to $48,337)	1-month LIBOR	2.149 %	$(1,260)	$(1,915)	Apr 2016
Pay fixed/ Receive variable Swap	Accounts payable and accrued liabilities	$32,291 (amortizing to $30,276)	1-month LIBOR	2.187 %	(807)	(1,226)	Apr 2016
Pay fixed/ Receive variable Swap	Accounts payable and accrued liabilities	$12,069 (amortizing to $11,313)	1-month LIBOR	2.142 %	(294)	(446)	Apr 2016
Pay fixed/ Receive variable Swap	Accounts payable and accrued liabilities	$10,751 (amortizing to $10,083)	1-month LIBOR	2.236 %	(276)	(420)	Apr 2016
					$(2,637)	$(4,007)	

Equity

During the nine months ended September 30, 2014, we paid dividends of $158.8 million to holders of our common stock and our preferred stock, as well as $34.1 million in distributions to the noncontrolling interest investors in our Operating Partnership and other consolidated subsidiaries. The Operating Partnership paid distributions of $33.7 million and $125.0 million on the preferred units and common units, respectively, as well as distributions of $34.1 million to the noncontrolling interests in other consolidated subsidiaries.

In the third quarter of 2014, we elected to pay cash of $1.7 million to two holders of 91,167 common units in the Operating Partnership upon the exercise of their conversion rights. In the second quarter of 2014, a holder of 170,847 common units in the Operating Partnership exercised its conversion rights. We elected to pay $2.9 million in cash for those units in May 2014.

On August 28, 2014, we announced a third quarter 2014 common stock dividend of $0.245 per share payable in cash that was paid on October 15, 2014. On May 30, 2014, we announced a second quarter 2014 common stock dividend of $0.245 per share payable in cash that was paid on July 15, 2014. On February 26, 2014, we announced a first quarter 2014 common stock dividend of $0.245 per share payable in cash that was paid on April 16, 2014. Future dividends payable will be determined by our Board of Directors based upon circumstances at the time of declaration.

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As a publicly traded company and, as a subsidiary of 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 SEC authorizing us to publicly issue senior and/or subordinated debt securities, shares of preferred stock (or depositary shares representing fractional interests therein), shares of common stock, warrants or rights to purchase any of the foregoing securities, and units consisting of two or more of these classes or series of securities and limited guarantees of debt securities issued by the Operating Partnership. Pursuant to the shelf registration statement, the Operating Partnership is also authorized to publicly issue unsubordinated debt securities. There is no limit to the offering price or number of securities that we may issue under this shelf registration statement.

At-The-Market Equity Program

On March 1, 2013, we entered into Sales Agreements with a number of sales agents to sell shares of CBL's common stock, having an aggregate offering price of up to $300.0 million, from time to time through an ATM program. In accordance with the Sales Agreements, we set the parameters for the sales of shares, including the number of shares to be issued, the time period during which sales are to be made and any minimum price below which sales may not be made. The Sales Agreements provide that the sales agents are entitled to compensation for their services at a mutually agreed commission rate not to exceed 2.0% of the gross proceeds from the sales of shares sold through the ATM program. For each share of common stock issued by CBL, the Operating Partnership issues a corresponding number of common units of limited partnership interest to CBL in exchange for the contribution of the proceeds from the stock issuance. We include only share issuances that have settled in our calculation of shares outstanding at the end of each period.

We did not sell any shares under the ATM program during the three and nine month periods ended September 30, 2014. The following table summarizes issuances of common stock sold through the ATM program during the nine month period ended September 30, 2013 (dollars in thousands, except weighted-average sales price):

	Nine Months Ended September 30, 2013
Number of shares settled	8,419,298
Gross proceeds	$211,493
Net proceeds	$209,596
Weighted-average sales price	$25.12

The net proceeds from the ATM sales were used to reduce the balances on our credit facilities. Since the commencement of the ATM program, CBL has issued 8,419,298 shares of common stock and approximately $88.5 million remains available that may be sold under this program. Actual future sales will depend on a variety of factors including but not limited to market conditions, the trading price of CBL's common stock and the Company's capital needs. The Company has no obligation to sell the remaining shares available under the ATM program.

Debt-To-Total Market Capitalization

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 of equity) ratio was 56.2% at September 30, 2014, compared to 55.7% at September 30, 2013. The increase in the debt-to-market capitalization ratio is the result of the decrease in CBL's stock price to $17.90 as compared to $19.10 in the prior-year period partially offset by a decrease in our share of total debt to $5.378 billion at September 30, 2014 from $5.588 billion at September 30, 2013. Our debt-to-market capitalization ratio at September 30, 2014 was computed as follows (in thousands, except stock prices):

	Shares Outstanding	Stock Price (1)	Value
Common stock and operating partnership units	199,544	$17.90	$3,571,838
7.375% Series D Cumulative Redeemable Preferred Stock	1,815	250.00	453,750
6.625% Series E Cumulative Redeemable Preferred Stock	690	250.00	172,500

Total market equity	4,198,088	
Company’s share of total debt	5,377,879	
Total market capitalization	$9,575,967	
Debt-to-total-market capitalization ratio	56.2	%

(1) Stock price for common stock and Operating Partnership units equals the closing price of CBL's common stock on September 30, 2014. The stock prices for the preferred stock represent the liquidation preference of each respective series of preferred stock.

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Capital Expenditures

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 a portion is recovered from tenants over a 5 to 15-year period. We recover these costs through fixed amounts with annual increases or pro rata cost reimbursements based on the tenant's occupied space. The following table, which excludes expenditures for developments and expansions, summarizes these capital expenditures, including our share of unconsolidated affiliates' capital expenditures, for the three and nine month periods ended September 30, 2014 compared to the same periods in 2013 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Tenant allowances (1)	$10,275	$14,796	$34,054	$36,410
Renovations	6,130	10,488	15,441	22,421
Deferred maintenance:				
Parking lot and parking lot lighting	17,325	5,980	23,263	7,085
Roof repairs and replacements	1,904	2,607	3,086	5,374
Other capital expenditures	4,351	3,127	6,238	5,990
Total deferred maintenance	23,580	11,714	32,587	18,449
Capitalized overhead	1,047	803	3,778	3,081
Capitalized interest	1,846	1,277	4,712	3,206
Total capital expenditures	$42,878	$39,078	$90,572	$83,567

(1) Tenant allowances related to renewal leases were not material for the periods presented.

Our 2014 renovation program includes upgrades at five of our malls. Renovations are scheduled to be completed in 2014 at Governor's Square in Clarksville, TN; Volusia Mall in Daytona Beach, FL; Richland Mall in Waco, TX; Janesville Mall in Janesville, WI and Old Hickory Mall in Jackson, TN. Our total investment in the renovations that are scheduled for 2014 as well as other less extensive renovations is projected to be approximately $27.4 million. Renovation expenditures for 2014 also include certain capital expenditures related to the parking decks at West County Center.

Annual capital expenditures budgets are prepared for each of our properties that are 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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Developments and Expansions

The following tables summarize our development projects as of September 30, 2014:

Properties Opened During the Nine Months Ended September 30, 2014

(Dollars in thousands)

Property	Location	Total Project Square Feet	Total Cost [1]	Cost to Date [2]	Opening Date	Initial Unleveraged Yield
Outlet Center:						
The Outlet Shoppes of the Bluegrass [3]	Simpsonville, KY	374,597	$76,890	$70,918	July-14	12.0%
Mall/Outlet Center Expansions:						
The Outlet Shoppes at El Paso - Phase II [4]	El Paso, TX	44,014	7,663	6,574	August-14	12.0%
The Outlet Shoppes at Oklahoma City - Phase III [4]	Oklahoma City, OK	18,182	3,713	2,496	August-14	12.8%
Parkdale Mall - shops	Beaumont, TX	6,500	1,439	1,139	September-14	10.2%
		68,696	12,815	10,209		
Community Center:						
Fremaux Town Center - Phase I [3]	Slidell, LA	341,002	55,777	49,549	March-14	8.3%
Community Center Expansion:						
Hammock Landing - Carmike [5]	West Melbourne, FL	47,000	12,232	9,740	August-14	7.5%
Total Properties Opened		831,295	$157,714	$140,416		

(1) Total cost is presented net of reimbursements to be received.
(2) Cost to date does not reflect reimbursements until they are received.
(3) This property is a 65/35 joint venture. Total and cost to date are reflected at 100%.
(4) This property is a 75/25 joint venture. Total and cost to date are reflected at 100%.
(5) This property is a 50/50 joint venture. Total and cost to date are reflected at 100%.

The Outlet Shoppes of the Bluegrass opened in late July 2014. This new outlet center is 100% leased or committed and includes retailers such as Banana Republic, Brooks Brothers, Chico's, Nike and Saks Fifth Avenue OFF FIFTH among others. We also completed the expansion of two outlet centers. The second phase expansion of The Outlet Shoppes at El Paso includes Nautica, Motherhood Maternity, and New York and Co. with H&M opening in November 2014. The third phase expansion of The Outlet Shoppes at Oklahoma City includes Forever 21, Lids and Toys "R" Us.

The first phase of Fremaux Town Center was over 95% leased at its opening in the first quarter of 2014. Anchors of this phase of the development include Kohl's, Dick's Sporting Goods, Best Buy and T.J. Maxx.

Redevelopment Completed During the Nine Months Ended September 30, 2014

(Dollars in thousands)

Property	Location	Total Project Square Feet	Total Cost [1]	Cost to Date [2]	Opening Date	Initial Unleveraged Yield

Mall Redevelopment:						
College Square - Longhorn Steakhouse & T.J. Maxx	Morristown, TN	30,271	$3,078	$2,858	April-14	10.6%
Monroeville Mall - Dick's Sporting Goods	Pittsburgh, PA	86,000	8,649	6,430	August-14	8.6%
Northgate Mall - Burlington	Chattanooga, TN	63,000	7,554	5,373	September-14	7.4%
Total Redevelopment		179,271	$19,281	$14,661		

(1) Total cost is presented net of reimbursements to be received.

(2) Cost to date does not reflect reimbursements until they are received.

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Properties Under Development at September 30, 2014
(Dollars in thousands)

Property	Location	Total Project Square Feet	Total Cost (1)	Cost to Date (2)	Expected Opening Date	Initial Unleveraged Yield
Community Center:						
Parkway Plaza	Fort Oglethorpe, GA	134,045	$17,250	$8,504	Spring-15	8.6%
Community Center Expansions:						
Fremaux Town Center - Phase II (3)	Slidell, LA	280,108	38,254	9,899	Fall-15	9.3%
Hammock Landing - Academy Sports (4)	West Melbourne, FL	63,092	10,158	430	Spring-15	8.8%
		343,200	48,412	10,329		
Associated Center Redevelopment:						
West Towne Crossing - Nordstrom Rack	Madison, WI	30,750	5,693	4,909	October-14	10.3%
Mall Redevelopment:						
CoolSprings Galleria - Sears Redevelopment (4)	Nashville, TN	179,048	55,888	20,875	2015/2016	7.8%
Fayette Mall - Sears Redevelopment	Lexington, KY	114,285	72,646	42,252	Fall-14/ Spring-15	7.7%
Northgate Mall - Streetscape	Chattanooga, TN	49,084	8,989	448	Fall-14	10.5%
		342,417	137,523	63,575		
Total Properties Under Development		850,412	$208,878	$87,317		

(1) Total cost is presented net of reimbursements to be received.
(2) Cost to date does not reflect reimbursements until they are received.
(3) This property is a 65/35 joint venture. Total cost and cost to date are reflected at 100%.
(4) This property is a 50/50 joint venture. Total cost and cost to date are reflected at 100%.

We have several projects underway at our community centers. Construction began this spring on the second phase of Fremaux Town Center. The expansion will include 265,000-square-feet of additional retail space, targeting fashion and entertainment, featuring a 126,000-square-foot Dillard's store as a primary anchor. We also started construction this summer on Parkway Plaza, our newest community center development. Parkway Plaza will include anchor stores Hobby Lobby, Marshalls and Petco.

Nordstrom Rack will be opening this fall in the space formerly occupied by Gander Mountain in the redevelopment of West Towne Crossing, an associated center in Madison, WI.

We have three mall redevelopment projects currently under construction. We have made significant progress on the redevelopments of the two Sears stores we purchased last year. At CoolSprings Galleria, the former Sears store has been transformed into The Cheesecake Factory, which will open in November 2014, and other new specialty stores scheduled to open in 2015. At Fayette Mall, the former Sears location redevelopment includes The Cheesecake Factory, which opened in October 2014, and other several new-to-the-market stores such as H&M, Clark's, Vera Bradley and Aveda. A streetscape project at Northgate Mall will add additional retail shops and restaurants including Old Chicago Pizza and Taproom.

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Shadow Pipeline of Properties Under Development at September 30, 2014
(Dollars in thousands)

Property	Location	Total Project Square Feet	Estimated Total Cost (1)	Expected Opening Date	Initial Unleveraged Yield
Community Center:					
Ambassador Town Center (2)	Lafayette, LA	400,000	$60,000 - $65,000	Spring-16	8% - 9%
Mall Redevelopment:					
Janesville Mall - JCP Redevelopment	Janesville, WI	140,000	$15,000 - $20,000	Fall-15	9% - 10%
Hickory Point Mall - JCP Redevelopment	Decatur, IL	100,000	$3,000 - $4,000	Fall-15	8% - 9%
Meridian Mall - Gordmans	Lansing, MI	50,000	$7,000 - $8,000	Summer-15	9% - 10%
		290,000	$25,000 - $32,000		
Total Shadow Pipeline		690,000	$85,000 - $97,000		

(1) Total cost is presented net of reimbursements to be received.
(2) This property is a 65/35 joint venture. Estimated total cost is reflected at 100%.

Construction is expected to begin on Ambassador Town Center in early 2015. We are working with our partner on pre-leasing box retailers and complementary shops for this new community center. We are also making progress replacing the JCPenney stores which closed earlier this year. We have executed leases at Janesville Mall with ULTA and Dick's Sporting Goods to fill the former JCPenney store that closed in May 2014. We are working with one additional junior anchor and expect that lease to be executed before year-end. At Hickory Point Mall, Hobby Lobby will lease 60,000-square-feet of the former JCPenney store. We also expect to begin construction later this year on a Gordmans at Meridian Mall.

We own land and hold options to acquire certain development properties owned by third parties. Except for the projects presented above, we do not have any other material capital commitments as of September 30, 2014.

2014 Dispositions

The results of operations of the properties described below, as well as any gain on extinguishment of debt and impairment losses related to those properties, are included in income from continuing operations for all periods presented, as applicable. Net proceeds from these 2014 dispositions were used to reduce the outstanding balances on our credit facilities, unless otherwise noted. The following is a summary of our 2014 dispositions (in thousands):

				Sales Price		
Sales Date	Property	Property Type	Location	Gross	Net	Gain
2014 Activity:						
September	Pemberton Plaza (1)	Community Center	Vicksburg, MS	$1,975	$1,886	$—
June	Foothills Plaza Expansion	Associated Center	Maryville, TN	2,640	2,387	934
May	Lakeshore Mall (2)	Mall	Sebring, FL	14,000	13,613	—
				$18,615	$17,886	$934

(1) We recognized a loss on impairment of real estate of $497 in the third quarter of 2014 when we adjusted the book value of Pemberton Plaza to its net sales price. The sale closed in September 2014.
(2) The gross sales price of $14,000 consisted of a $10,000 promissory note and $4,000 in cash. See Note 8 for additional information about the note receivable. We recognized a loss on impairment of real estate of $5,100 in

the first quarter of 2014 when we adjusted the book value of Lakeshore Mall to its estimated fair value of $13,780 based on a binding purchase agreement signed in April 2014. The sale closed in May 2014 and we recognized an impairment loss of $106 in the second quarter of 2014 as a result of additional closing costs.

In September 2014, we conveyed Chapel Hill Mall to the mortgage lender by a deed-in-lieu of foreclosure. The mortgage loan was non-recourse and had a balance of $68.6 million. We recorded a non-cash impairment of real estate of $12.1 million in the first quarter of 2014 to write down the book value of this property to its then estimated fair value. As a result of the conveyance, we recognized a gain on extinguishment of debt of $18.2 million in the third quarter of 2014 representing the difference between the debt extinguished over the net book value of the property as of the transfer date. See Note 6 to the condensed consolidated financial statements for additional information.

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In January 2014, the mortgage lender for Citadel Mall completed the foreclosure on the property. The lender received the title in satisfaction of the non-recourse debt which had a balance of $68.2 million. A non-cash loss on impairment of $20.5 million was recorded in the second quarter of 2013 to write down the book value of this property to its then estimated fair value. In the first quarter of 2014, we recognized a non-cash gain on extinguishment of debt of $43.9 million representing the excess of the outstanding balance of the debt extinguished over the net book value of the property as of the transfer date. See Note 6 to the condensed consolidated financial statements for additional information.

Subsequent to September 30, 2014, we conveyed Columbia Place to the lender through a deed-in-lieu of foreclosure.

Off-Balance Sheet Arrangements

Unconsolidated Affiliates

We have ownership interests in 17 unconsolidated affiliates as of September 30, 2014 that are described in Note 5 to the condensed consolidated financial statements. The unconsolidated affiliates are accounted for using the equity method of accounting and are reflected in the condensed consolidated balance sheets as “Investments in Unconsolidated Affiliates.” The following are circumstances when we may consider entering into a joint venture with a third party:

- Third parties may approach us with opportunities in which they have obtained land and performed some pre-development activities, but they may not have sufficient access to the capital resources or the development and leasing expertise to bring the project to fruition. We enter into such arrangements when we determine such a project is viable and we can achieve a satisfactory return on our investment. We typically earn development fees from the joint venture and provide management and leasing services to the property for a fee once the property is placed in operation.
- We determine that we may have the opportunity to capitalize on the value we have created in a property by selling an interest in the property to a third party. This provides us with an additional source of capital that can be used to develop or acquire additional real estate assets that we believe will provide greater potential for growth. When we retain an interest in an asset rather than selling a 100% interest, it is typically because this allows us to continue to manage the property, which provides us the ability to earn fees for management, leasing, development and financing services provided to the joint venture.

Guarantees

We may guarantee the debt of a joint venture primarily because it allows the joint venture to obtain funding at a lower cost than could be obtained otherwise. This results in a higher return for the joint venture on its investment, and a higher return on our investment in the joint venture. We may receive a fee from the joint venture for providing the guaranty. Additionally, when we issue a guaranty, the terms of the joint venture agreement typically provide that we may receive indemnification from the joint venture or have the ability to increase our ownership interest.

The following table represents our guarantees of unconsolidated affiliates' debt as reflected in the accompanying condensed consolidated balance sheets as of September 30, 2014 and December 31, 2013 (in thousands):

	As of September 30, 2014							Obligation recorded to reflect guaranty	
Unconsolidated Affiliate	Company's Ownership Interest	Outstanding Balance	Percentage Guaranteed by the Company		Maximum Guaranteed Amount	Debt Maturity Date (1)		9/30/14	12/31/13
West Melbourne I, LLC - Phase I	50%	$40,435	25%		$10,109	Nov-2015	(2)	$65	$65
West Melbourne I, LLC - Phase II	50%	10,757	25%	(3)	2,689	Nov-2015	(2)	65	65
Port Orange I, LLC	50%	61,102	25%		15,276	Nov-2015	(2)	157	157
	50%	5,840	100%		5,840	Jul-2015		—	—

JG Gulf Coast Town Center LLC - Phase III									
Fremaux Town Center JV, LLC - Phase I	65%	37,640	50%	(4)	21,789	Aug-2016	(5)	472	460
Fremaux Town Center JV, LLC - Phase II	65%	2,045	100%	(6)	32,100	Aug-2016	(5)	321	—
			Total guaranty liability					$1,080	$747

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(1) Excludes any extension options.

(2) The loan has two one-year extension options, which are at the unconsolidated affiliate's election, for an outside maturity date of November 2017.

(3) The guaranty was reduced from 100% to 25% in the third quarter of 2014 when Carmike Cinema became operational in August 2014.

(4) We received a 1% fee for this guaranty when the loan was issued in March 2013. In the first quarter of 2014, the loan was modified and extended to increase the capacity to $47,291, which increased the maximum guaranteed amount. The loan was amended and modified in August 2014 to reduce the guaranty from 100% to 50%. The guaranty will be reduced to 25% upon the opening of LA Fitness and payment of contractual rent. The guaranty will be further reduced to 15% when Phase I of the development has been open for one year and the debt service coverage ratio of 1.30 to 1.00 is met.

(5) The loan has two one-year extension options, which are at the unconsolidated affiliate's election, for an outside maturity date of August 2018.

(6) We received a 1% fee for this guaranty when the loan was issued in August 2014. The guaranty will be reduced to 50% upon the closing of the Dillard's outparcel sale. Upon completion of Phase II of the development and once certain leasing and occupancy metrics have been met, the guaranty will be 25%. The guaranty will be further reduced to 15% when Phase II of the development has been open for one year, the debt service coverage ratio of 1.30 to 1.00 is met and Dillard's is operational.

We have guaranteed the lease performance of YTC, an unconsolidated affiliate in which we own a 50% interest, under the terms of an agreement with a third party that owns property as part of 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. We have guaranteed YTC's performance under this agreement up to a maximum of $22.0 million, which decreases by $0.8 million annually until the guaranteed amount is reduced to $10.0 million. The guaranty expires on December 31, 2020. The maximum guaranteed obligation was $16.4 million as of September 30, 2014. We entered into an agreement with our joint venture partner under which the joint venture partner has agreed to reimburse us 50% of any amounts we are obligated to fund under the guaranty. We did not include an obligation for this guaranty because we determined that the fair value of the guaranty was not material as of September 30, 2014 and December 31, 2013.

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, 2013. 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 of the related leases. Certain tenants are required to pay percentage rent if their sales volumes exceed thresholds specified in their lease agreements. Percentage rent is recognized as revenue when the thresholds are achieved and the amounts become determinable.

We receive reimbursements from tenants for real estate taxes, insurance, common area maintenance, and other recoverable operating expenses as provided in the lease agreements. Tenant reimbursements are recognized as revenue in the period the related operating expenses are incurred. Tenant reimbursements related to certain capital expenditures are billed to tenants over periods of 5 to 15 years and are recognized as revenue in accordance with underlying lease terms.

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. Development and leasing fees received from unconsolidated affiliates during the development period 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.

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 acquisition method of accounting and accordingly, the results of operations are included in the condensed 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, as if vacant, and tenant improvements and (ii) 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. The amortization of above- and below-market leases is recorded as an adjustment to minimum rental revenue, while the amortization of all other lease-related intangibles is recorded as amortization expense. 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 their carrying amounts or if there are other indicators of impairment. If it is determined that impairment has occurred, the amount of the impairment charge is equal to the excess of the asset's carrying value over its estimated fair value. We estimate fair value using the undiscounted cash flows expected to be generated by each property, which are based on a number of assumptions such as leasing expectations, operating budgets, estimated useful lives, future maintenance expenditures, intent to hold for use and capitalization rates, among others. These assumptions are subject to economic and market uncertainties including, but not limited to, demand for space, competition for tenants, changes in market rental rates and costs to operate each property. As these factors are difficult to predict and are subject to future events that may alter our assumptions, the future cash flows estimated in our impairment analyses may not be achieved. See Note 3 to the condensed consolidated financial statements for impairment of long-lived assets for the three and nine month periods ended September 30, 2014.

Allowance for Doubtful Accounts

We periodically perform a detailed review of amounts due from tenants and others to determine if accounts receivable balances are impaired based on factors affecting the collectability of those balances. Our estimate of the allowance for doubtful accounts requires significant judgment about the timing, frequency and severity of collection losses, which affects the allowance and net income. We recorded a provision for doubtful accounts of $2.7 million and $1.0 million for the nine months ended September 30, 2014 and 2013, respectively.

Investments in Unconsolidated Affiliates

We evaluate our joint venture arrangements to determine whether they should be recorded on a consolidated basis. The percentage of ownership interest in the joint venture, an evaluation of control and whether a VIE exists are all considered in the consolidation assessment.

Initial investments in joint ventures that are in economic substance a capital contribution to the joint venture are recorded in an amount equal to our historical carryover basis in the real estate contributed. Initial investments in joint ventures that are in economic substance the sale of a portion of our interest in the real estate are accounted for as a contribution of real estate recorded in an amount equal to our historical carryover basis in the ownership percentage retained and as a sale of real estate with profit recognized to the extent of the other joint venturers' interests in the joint venture. Profit recognition assumes that we have no commitment to reinvest with respect to the percentage of the real estate sold and the accounting requirements of the full accrual method are met.

We account for our investment in joint ventures where we own a noncontrolling interest or where we are not the primary beneficiary of a VIE using the equity method of accounting. Under the equity method, our cost of investment is adjusted for our share of equity in the earnings of the unconsolidated affiliate and reduced by distributions received. Generally, distributions of cash flows from operations and capital events are first made to partners to pay cumulative unpaid preferences on unreturned capital balances and then to the partners in accordance with the terms of the joint venture agreements.

Any differences between the cost of our investment in an unconsolidated affiliate and our underlying equity as reflected in the unconsolidated affiliate's financial statements generally result from costs of our investment that are not reflected on the unconsolidated affiliate's financial statements, capitalized interest on our investment and our share of development and leasing fees

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that are paid by the unconsolidated affiliate to us for development and leasing services provided to the unconsolidated affiliate during any development periods. The components of the net difference between our investment in unconsolidated affiliates and the underlying equity of unconsolidated affiliates is amortized over a period equal to the useful life of the unconsolidated affiliates' asset/liability that is related to the basis difference.

On a periodic basis, we assess whether there are any indicators that the fair value of our investments in unconsolidated affiliates may be impaired. An investment is impaired only if our estimate of the fair value of the investment is less than the carrying value of the investment, and such decline in value is deemed to be other than temporary. To the extent impairment has occurred, the loss is measured as the excess of the carrying amount of the investment over the fair value of the investment. Our estimates of fair value for each investment are based on a number of assumptions such as future leasing expectations, operating forecasts, discount rates and capitalization rates, among others. These assumptions are subject to economic and market uncertainties including, but not limited to, demand for space, competition for tenants, changes in market rental rates, and operating costs. As these factors are difficult to predict and are subject to future events that may alter our assumptions, the fair values estimated in the impairment analyses may not be realized.

No impairments of investments in unconsolidated affiliates were incurred during the three and nine month periods ended September 30, 2014.

Recent Accounting Pronouncements

See Note 2 to the condensed consolidated financial statements for information on recently issued accounting pronouncements.

Impact of Inflation and Deflation

Deflation can result in a decline in general price levels, often caused by a decrease in the supply of money or credit. The predominant effects of deflation are high unemployment, credit contraction and weakened consumer demand. Restricted lending practices could impact our ability to obtain financings or refinancings for our properties and our tenants’ ability to obtain credit. Decreases in consumer demand can have a direct impact on our tenants and the rents we receive.

During inflationary periods, substantially all of our tenant leases contain provisions designed to mitigate 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 of less than 10 years, which may provide us the opportunity to replace existing leases with new leases at higher base and/or percentage rent if rents of the existing leases are below the then existing market rate. Most of the leases require the tenants to pay a fixed amount, subject to annual increases, for their share of operating expenses, including common area maintenance, real estate taxes, insurance and certain capital expenditures, which reduces our exposure to increases in costs and operating expenses resulting from inflation.

Funds From Operations

FFO is a widely used measure of the operating performance of real estate companies that supplements net income (loss) determined in accordance with GAAP. The National Association of Real Estate Investment Trusts (“NAREIT”) defines FFO as net income (loss) (computed in accordance with GAAP) excluding gains or losses on sales of depreciable operating properties and impairment losses of depreciable properties, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures and noncontrolling interests. Adjustments for unconsolidated partnerships, joint ventures and noncontrolling 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.

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 risen with 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 noncontrolling 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 (loss) attributable to common shareholders.

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In our reconciliation of net income attributable to common shareholders to FFO allocable to common shareholders that is presented below, we make an adjustment to add back noncontrolling interest in income (loss) 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 held by noncontrolling interests during the period.

FFO does not represent cash flows from operations as defined by GAAP, is not necessarily indicative of cash available to fund all cash flow needs and should not be considered as an alternative to net income (loss) for purposes of evaluating our operating performance or to cash flow as a measure of liquidity.

During the three months ended September 30, 2014, we recognized an $18.2 million gain upon the conveyance of Chapel Hill Mall to the lender through a deed-in-lieu of foreclosure and recorded $1.5 million of non-cash default interest. During the three months ended September 30, 2013, we received a partial settlement of litigation of $8.2 million. During the nine months ended September 30, 2014, we realized a net gain of $60.9 million on extinguishment of debt. The $60.9 million gain consists of a $43.9 million gain, recognized when the lender received the deed to Citadel Mall in satisfaction of the non-recourse debt on the property, and an $18.2 million gain, recognized upon the conveyance of Chapel Hill Mall to the lender, which was partially offset by a $1.2 million prepayment fee for the early retirement of debt on St. Clair Square. Additionally, we recorded $1.5 million of non-cash default interest and received $0.8 million as a partial settlement of litigation during the nine months ended September 30, 2014. The nine months ended September 30, 2013 includes a partial settlement of litigation of $8.2 million, $2.4 million of gain on investment when a note related to our China investment, of which a portion was written down to its estimated fair value in 2009, was repaid in May 2013 and a $9.1 million loss on extinguishment of debt due to the early retirement of debt on loans secured by two malls. Considering the significance and nature of these items, we believe it is important to identify the impact of these changes on our FFO measures for a reader to have a complete understanding of our results of operations. Therefore, we have also presented FFO, as adjusted, excluding these items.

The reconciliation of FFO to net income attributable to common shareholders is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income attributable to common shareholders	$38,119	$23,101	$108,925	$42,692
Noncontrolling interest in income of Operating Partnership	6,576	4,075	18,847	7,602
Depreciation and amortization expense of:				
Consolidated properties	72,488	68,941	212,180	206,115
Unconsolidated affiliates	10,537	9,877	30,654	29,748
Discontinued operations	—	1,634	—	6,638
Non-real estate assets	(628)	(572)	(1,825)	(1,530)
Noncontrolling interests' share of depreciation and amortization	(1,729)	(1,403)	(4,831)	(4,292)
Loss on impairment	497	5,234	18,434	26,051
Gain on depreciable property	(3)	(8)	(937)	(10)
Gain on discontinued operations, net of tax	1	(174)	(86)	(714)
Funds from operations of the Operating Partnership	125,858	110,705	381,361	312,300
Litigation settlement	—	(8,240)	(800)	(8,240)
Gain on investment	—	—	—	(2,400)
Non cash default interest expense	1,514	—	1,514	—
(Gain) loss on extinguishment of debt	(18,282)	—	(60,942)	9,108
Funds from operations of the Operating Partnership, as adjusted	$109,090	$102,465	$321,133	$310,768

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The reconciliations of FFO of the Operating Partnership to FFO allocable to common shareholders, including and excluding the litigation settlements, gain on investment, default interest expense and gain (loss) on extinguishment of debt, are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Funds from operations of the Operating Partnership	$125,858	$110,705	$381,361	$312,300
Percentage allocable to common shareholders (1)	85.29 %	85.19 %	85.25 %	84.89 %
Funds from operations allocable to common shareholders	$107,344	$94,310	$325,110	$265,111
Funds from operations of the Operating Partnership, as adjusted	$109,090	$102,465	$321,133	$310,768
Percentage allocable to common shareholders (1)	85.29 %	85.19 %	85.25 %	84.89 %
Funds from operations allocable to Company shareholders, as adjusted	$93,043	$87,290	$273,766	$263,811

(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 held by noncontrolling interests during the period.

The increase in adjusted FFO during the quarter ended September 30, 2014 was driven by contributions from recent openings of new development projects, increased rental rates on new and renewal leases and lower operating expenses. These improvements were partially offset by lost income from sold properties and higher net interest expense on our Notes.

ITEM 3: Quantitative and Qualitative Disclosures About Market Risk

We are exposed to various market risk exposures, including interest rate risk. The following discussion regarding our risk management activities includes forward-looking statements that involve risk and uncertainties. Estimates of future performance and economic conditions are reflected assuming certain changes in interest rates. Caution should be used in evaluating our overall market risk from the information presented below, as actual results may differ. We employ various derivative programs to manage certain portions of our market risk associated with interest rates. See Note 6 of the notes to condensed consolidated financial statements for further discussions of the qualitative aspects of market risk, including derivative financial instrument activity.

Interest Rate Risk

Based on our proportionate share of consolidated and unconsolidated variable-rate debt at September 30, 2014, a 0.5% increase or decrease in interest rates on variable-rate debt would decrease or increase annual cash flows by approximately $5.0 million and $1.5 million, respectively, and increase or decrease annual interest expense, after the effect of capitalized interest, by approximately $4.9 million and $1.4 million, respectively.

Based on our proportionate share of total consolidated and unconsolidated debt at September 30, 2014, a 0.5% increase in interest rates would decrease the fair value of debt by approximately $85.7 million, while a 0.5% decrease in interest rates would increase the fair value of debt by approximately $85.6 million.

ITEM 4: Controls and Procedures

Disclosure Controls and Procedures

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 the Company's and the Operating Partnership's 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 the Company's and the Operating Partnership's disclosure controls and procedures are effective to ensure that information that the Company and the Operating Partnership 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 SEC rules and forms and to ensure that information we are required to disclose is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

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Changes in Internal Control over Financial Reporting

There have been no changes in the Company's or the Operating Partnership's 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

We are currently involved in certain litigation that arises in the ordinary course of business, most of which is expected to be covered by liability insurance. Based on current expectations, such matters, both individually and in the aggregate, are not expected to have a material adverse effect on our liquidity, results of operations, business or financial condition.

In February 2014, TPD received a partial settlement of $0.8 million from certain of the defendants in the litigation described in Note 12 to the condensed consolidated financial statements. In October 2014, TPD agreed to a resolution of its claims against defendant EMJ in such litigation. Pursuant to this agreement, TPD received partial settlements of $1.0 million and $0.3 million, respectively, from one of EMJ’s insurance carriers in October 2014, and additional amounts of $4.8 million and $5.0 million are due to be paid to TPD in December 2014 and January 2015, respectively. Further, EMJ agreed to be responsible for up to a maximum of $6.6 million of future costs incurred by TPD in remediating damages to its shopping center site under certain circumstances as set forth in the agreement, and agreed that such limitation would not apply to its potential responsibility for any future remediation required under applicable environmental laws (should such claims arise). See Note 16 to the consolidated financial statements for further information. Litigation continues with the other remaining defendants in the matter. There have been no other material developments during the nine months ended September 30, 2014 in the matters described in "Part I, Item 3 - Legal Proceedings" of our Annual Report on Form 10-K for the year ended December 31, 2013.

ITEM 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risks that could materially affect our business, financial condition or results of operations that are discussed under the caption “Risk Factors” in Part I, Item1A of our Annual Report on Form 10-K for the year ended December 31, 2013. There have been no material changes to such risk factors since the filing of our Annual Report.

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

None.

ITEM 3: Defaults Upon Senior Securities

None.

ITEM 4: Mine Safety Disclosures

Not applicable.

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ITEM 5: Other Information

None.

ITEM 6: Exhibits

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

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SIGNATURES

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/ Farzana K. Mitchell

Farzana K. Mitchell
Executive Vice President -
Chief Financial Officer and Treasurer
(Authorized Officer and Principal Financial Officer)

CBL & ASSOCIATES LIMITED PARTNERSHIP

By: CBL HOLDINGS I, INC., its general partner

/s/ Farzana K. Mitchell

Farzana K. Mitchell
Executive Vice President -
Chief Financial Officer and Treasurer
(Authorized Officer and Principal Financial Officer)

Date: November 10, 2014

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INDEX TO EXHIBITS

Exhibit Number	Description
4.14.5	Global Note evidencing the 4.60% Senior Notes Due 2024 (a)
10.13.3	First Modification to Amended and Restated Loan Agreement by and among the Operating Partnership, the Company and First Tennessee Bank National Association, et. a. dated December 16, 2013
12.1	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends of CBL & Associates Properties, Inc.
12.2	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends of CBL & Associates Limited Partnership
12.3	Computation of Ratio of Earnings to Fixed Charges of CBL & Associates Properties, Inc.
12.4	Computation of Ratio of Earnings to Fixed Charges of CBL & Associates Limited Partnership
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 for CBL & Associates Properties, Inc.
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 for CBL & Associates Properties, Inc.
31.3	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 for CBL & Associates Limited Partnership
31.4	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 for CBL & Associates Limited Partnership
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 for CBL & Associates Properties, Inc.
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 for CBL & Associates Properties, Inc.
32.3	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 for CBL & Associates Limited Partnership
32.4	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 for CBL & Associates Limited Partnership
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

(a) Incorporated by reference from the Company's Current Report on Form 8-K, filed October 8, 2014. Commission File No. 1-12494 and 333-182515-01.

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