

CBL & ASSOCIATES PROPERTIES INC
Form 10-Q
November 10, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2008**

OR

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.
(Exact name of registrant as specified in its charter)**

DELAWARE

62-1545718

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

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

(Address of principal executive office, including zip code)

423.855.0001

(Registrant's telephone number, including area code)

N/A

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if smaller reporting company)

Smaller Reporting Company

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

Yes No

As of November 6, 2008, there were 66,352,930 shares of common stock, par value \$0.01 per share, outstanding.

CBL & Associates Properties, Inc.

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PART I – FINANCIAL INFORMATION**ITEM 1. Financial Statements**

CBL & Associates Properties, Inc.
Condensed Consolidated Balance Sheets
(In thousands, except share data)
(Unaudited)

| | September 30, 2008 | December 31, 2007 |
|--|-----------------------|----------------------|
| ASSETS | | |
| Real estate assets: | | |
| Land | \$ 881,218 | \$ 917,578 |
| Buildings and improvements | 7,400,040 | 7,263,907 |
| | <u>8,281,258</u> | <u>8,181,485</u> |
| Accumulated depreciation | (1,269,260) | (1,102,767) |
| | <u>7,011,998</u> | <u>7,078,718</u> |
| Held for sale | 120,000 | — |
| Developments in progress | 280,953 | 323,560 |
| | <u>7,412,951</u> | <u>7,402,278</u> |
| Net investment in real estate assets | 7,412,951 | 7,402,278 |
| Cash and cash equivalents | 67,485 | 65,826 |
| Cash held in escrow | 2,700 | — |
| Receivables: | | |
| Tenant, net of allowance for doubtful accounts of \$1,309 in 2008 and \$1,126 in 2007 | 72,766 | 72,570 |
| Other | 12,350 | 10,257 |
| Mortgage and other notes receivable | 49,326 | 135,137 |
| Investments in unconsolidated affiliates | 212,460 | 142,550 |
| Intangible lease assets and other assets | 248,876 | 276,429 |
| | <u>\$ 8,078,914</u> | <u>\$ 8,105,047</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Mortgage and other notes payable | \$ 6,023,749 | \$ 5,869,318 |
| Accounts payable and accrued liabilities | 366,839 | 394,884 |
| | <u>6,390,588</u> | <u>6,264,202</u> |
| Total liabilities | 6,390,588 | 6,264,202 |
| Commitments and contingencies (Notes 3, 5 and 11) | | |
| Minority interests | 851,341 | 920,297 |
| Shareholders' equity: | | |
| Preferred stock, \$.01 par value, 15,000,000 shares authorized: | | |
| 7.75% Series C cumulative redeemable preferred stock, 460,000 shares outstanding in 2008 and 2007 | 5 | 5 |
| 7.375% Series D cumulative redeemable preferred stock, 700,000 shares outstanding in 2008 and 2007 | 7 | 7 |

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| | | |
|--|---------------------|---------------------|
| Common stock, \$.01 par value, 180,000,000 shares authorized, 66,336,663 and 66,179,747 shares issued and outstanding in 2008 and 2007, respectively | 663 | 662 |
| Additional paid-in capital | 1,000,849 | 990,048 |
| Accumulated other comprehensive loss | (5,855) | (20) |
| Accumulated deficit | (158,684) | (70,154) |
| | <hr/> | <hr/> |
| Total shareholders' equity | 836,985 | 920,548 |
| | <hr/> | <hr/> |
| | \$ 8,078,914 | \$ 8,105,047 |
| | <hr/> | <hr/> |

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

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|------------|------------------------------------|------------|
| | 2008 | 2007 | 2008 | 2007 |
| REVENUES: | | | | |
| Minimum rents | \$ 173,231 | \$ 155,633 | \$ 520,499 | \$ 464,753 |
| Percentage rents | 3,226 | 3,506 | 9,823 | 11,840 |
| Other rents | 4,294 | 3,580 | 13,509 | 11,942 |
| Tenant reimbursements | 84,293 | 83,053 | 250,111 | 235,699 |
| Management, development and leasing fees | 11,511 | 1,390 | 16,933 | 6,565 |
| Other | 5,925 | 3,837 | 19,229 | 15,507 |
| Total revenues | 282,480 | 250,999 | 830,104 | 746,306 |
| EXPENSES: | | | | |
| Property operating | 48,101 | 42,014 | 139,916 | 123,843 |
| Depreciation and amortization | 81,961 | 58,847 | | |