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CBL & ASSOCIATES PROPERTIES INC  
Form 8-K  
August 05, 2003

Securities Exchange Act of 1934 -- Form 8-K

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

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

Date of Report:  
August 5, 2003

CBL & ASSOCIATES PROPERTIES, INC.

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(Exact name of registrant as specified in its charter)

Delaware	1-12494	62-1545718
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(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

2030 Hamilton Place Boulevard, Chattanooga, TN 37421

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(Address of principal executive offices)

Registrant's telephone number, including area code:

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(423) 855-0001

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ITEM 5. Other Events

On May 1, 2003, CBL & Associates Properties, Inc. (the "Company") filed a Registration Statement on Form S-3, as amended on May 23, 2003 and June 10, 2003 (the "Registration Statement") with the Securities and Exchange Commission under the Securities Act of 1933, as amended, which included a Prospectus relating to the offer and sale from time to time pursuant to Rule 415 under the Securities Act of one or more of the following securities for an aggregate initial offering price not to exceed \$562,000,000 on terms to be determined at the time or times of offering: (i) shares of the Company's preferred stock, par value of \$.01 per share (the "Preferred Stock"), (ii) shares of the Company's common stock, par value of \$.01 per share (the "Common Stock"), (iii) warrants to purchase shares

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of the Company's Common Stock, and (iv) depository shares representing fractional interests in the Common Stock or Preferred Stock.

The Registration Statement incorporates by reference the Company's Annual Report on Form 10-K for the year ended December 31, 2002 (the "Form 10-K"), which contains disclosures of certain non-GAAP financial measures.

To comply with Regulation G, promulgated under the Securities Exchange Act of 1934, as amended, and because the Registration Statement was filed after March 28, 2003, following which, for purposes of Regulation G, certain disclosures of non-GAAP financial measures are required, the Company is filing this Form 8-K to provide the disclosure required by Regulation G as it relates to the non-GAAP financial measures included in the Form 10-K.

### RECONCILIATION OF NET INCOME AVAILABLE TO COMMON SHAREHOLDERS TO FUNDS FROM OPERATIONS

Funds from operations ("FFO") is a widely used measure of the operating performance of real estate companies that supplements net income determined in accordance with GAAP. The Company computes FFO in accordance with the National Association of Real Estate Investment Trusts' definition of FFO, which is net income (computed in accordance with GAAP) excluding gains or losses on sales of operating properties, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. The Company believes that FFO provides an additional indicator of the operating performance of the Company's 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 or fallen with market conditions, the Company believes that FFO provides investors with a better understanding of the Company's operating performance.

The following is a reconciliation of net income available to common shareholders determined in accordance with GAAP to FFO, which is disclosed in the section titled Selected Financial Data in the Form 10-K.

	Year Ended D		
	2002	2001	20
Net income available to common shareholders	\$73,987	\$54,440	\$59,
ADD:			
Depreciation and amortization from consolidated properties	94,432	83,937	58,
Depreciation and amortization from unconsolidated affiliates	4,490	3,765	1,
Depreciation from discontinued operations	527	1,006	1,
Minority interest in earnings of operating partnership	64,251	49,643	28,
Extraordinary loss on extinguishment of debt	3,930	13,558	
LESS:			
Minority investors' share of depreciation and amortization	(1,348)	(1,096)	(
Gain on disposal of discontinued operations	(372)	-	
Depreciation and amortization of non-real estate assets	(493)	(603)	(
Gain on sales of real estate assets	(2,804)	(10,649)	(15,
Total funds from operations	\$236,600	\$194,001	\$132,

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Beginning January 1, 2003, the Company revised its method of computing FFO to comply with the National Association of Real Estate Investment Trust's definition of FFO in accordance with the provisions of Regulation G. As a result, the Company began including gains on sales of outparcels in FFO. Additionally, as a result of a new accounting pronouncement that was effective on January 1, 2003, loss on extinguishment of debt is no longer classified as an extraordinary item. The following is a reconciliation of FFO previously reported in the Form 10-K to what FFO would have been if computed in accordance with the Company's current definition of FFO:

	Year Ended December 31,		
	2002	2001	2000
Total funds from operations, as reported	\$236,600	\$194,001	\$132,034
Loss on extinguishment of debt	(3,930)	(13,558)	(367)
Gains on sales of outparcels	2,804	2,244	5,465
Total funds from operations, as revised	----- \$235,474 =====	----- \$182,287 =====	----- \$137,132 =====

Computation of FFO Applicable to the Company

	Year Ended December 31,			
	2002	2001	2000	1999
Weighted average shares - earnings per share	28,690	25,358	24,881	24,600
Weighted average operating partnership units	24,873	23,426	11,968	11,968
Weighted average shares - FFO per share	53,563	48,784	36,849	36,500
Ratio of weighted average shares - earnings per share to weighted average shares - FFO per share	53.6%	52.0%	67.5%	67.4%
FFO Applicable to the Company, as reported(1)	\$ 126,730	\$ 100,842	\$ 89,151	\$ 78,375
FFO Applicable to the Company, as revised	\$ 126,127	\$ 94,961	\$ 92,594	\$ 84,750

### RECONCILIATION OF CONSOLIDATED DEBT TO THE COMPANY'S SHARE OF CONSOLIDATED AND UNCONSOLIDATED DEBT

The Company presents its total share of consolidated and unconsolidated debt because the Company believes that this amount provides investors with a clearer understanding of the Company's total debt obligations. The following is a reconciliation of consolidated debt to the Company's share of consolidated and unconsolidated debt disclosed under Liquidity and Capital Resources in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of the Form 10-K:

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(Dollars in thousands)

	Fixed Rate	December 31, 2002 Variable Rate
	-----	-----
Consolidated debt	\$1,867,915	\$534,164
Minority investors' share of consolidated debt	(20,127)	(1,796)
Company's share of unconsolidated affiliates' debt	38,269	28,229
	-----	-----
Company's share of consolidated and unconsolidated debt	\$1,886,057	\$560,597
	=====	=====
Weighted average interest rate	7.18%	3.39%

	Fixed Rate	December 31, 2002 Variable Rate
	-----	-----
Consolidated debt	\$1,463,351	\$852,604
Minority investors' share of consolidated debt	(23,401)	(1,217)
Company's share of unconsolidated affiliates' debt	70,042	31,225
	-----	-----
Company's share of consolidated and unconsolidated debt	\$1,509,992	\$882,612
	=====	=====
Weighted average interest rate	7.54%	3.38%

RECONCILIATION OF CONSOLIDATED REVENUES TO THE COMPANY'S SHARE OF TOTAL REVENUES

In various sections of Part I of the Form 10-K, the Company discusses various aspects related to its shopping center properties in relation to the Company's total revenues. The Company's total revenues are determined as the sum of consolidated revenues plus the Company's proportionate share of revenues from unconsolidated affiliates less minority investors' share of revenues in consolidated properties. The following is a reconciliation of consolidated revenues to the Company's total revenues.

Reconciliation of Company's Share of Total Revenues  
For the Year Ended December 31, 2002

Consolidated total revenues	\$599,000
Minority investors' share of consolidated total revenues	(18,000)
Company's share of unconsolidated affiliates' total revenues	31,000
Other non property revenues	(0)
	-----
Company's share of consolidated and unconsolidated total revenues	\$610,000
	=====

Pursuant to the requirements of the Securities Exchange Act of 1934, the

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registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CBL & ASSOCIATES PROPERTIES, INC.

/s/ John N. Foy

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John N. Foy  
Vice Chairman,  
Chief Financial Officer and Treasurer  
(Authorized Officer of the Registrant,  
Principal Financial Officer and  
Principal Accounting Officer)

Date: August 5, 2003