

CBL & ASSOCIATES PROPERTIES INC  
Form 10-Q  
November 12, 2013  
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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, 2013

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  No   
CBL & Associates Limited Partnership Yes  No

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  No   
CBL & Associates Limited Partnership 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.

CBL & Associates Properties, Inc.

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Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller Reporting Company   
CBL & Associates Limited Partnership

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

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  No

CBL & Associates Limited Partnership Yes  No

As of November 4, 2013, there were 169,907,550 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, 2013 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, 2013, 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 84.2% limited partner interest for a combined interest held by the Company of 85.2%.

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 7 - Comprehensive Income; and Note 11 - Earnings Per Share and Earnings Per Unit;
- controls and procedures in Item 4 of Management's Discussion and Analysis; and
- certifications of the Chief Executive Officer and Chief Financial Officer included as Exhibits 31.1 through 32.4.



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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, 2013	December 31, 2012
Real estate assets:		
Land	\$882,723	\$905,339
Buildings and improvements	7,100,354	7,228,293
	7,983,077	8,133,632
Accumulated depreciation	(2,017,610)	(1,972,031)
	5,965,467	6,161,601
Held for sale	—	29,425
Developments in progress	161,841	137,956
Net investment in real estate assets	6,127,308	6,328,982
Cash and cash equivalents	74,588	78,248
Receivables:		
Tenant, net of allowance for doubtful accounts of \$2,204 and \$1,977 in 2013 and 2012, respectively	77,914	78,963
Other, net of allowance for doubtful accounts of \$1,283 and \$1,270 in 2013 and 2012, respectively	20,696	8,467
Mortgage and other notes receivable	24,976	25,967
Investments in unconsolidated affiliates	279,666	259,810
Intangible lease assets and other assets	261,517	309,299
	\$6,866,665	\$7,089,736
<b>LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY</b>		
Mortgage and other indebtedness	\$4,867,717	\$4,745,683
Accounts payable and accrued liabilities	348,237	358,874
Total liabilities	5,215,954	5,104,557
Commitments and contingencies (Notes 5 and 12)		
Redeemable noncontrolling interests:		
Redeemable noncontrolling partnership interests	37,170	40,248
Redeemable noncontrolling preferred joint venture interest	—	423,834
Total redeemable noncontrolling interests	37,170	464,082
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, 169,905,892 and 161,309,652 issued and outstanding in 2013 and 2012, respectively	1,699	1,613

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Additional paid-in capital	1,967,067	1,773,630
Accumulated other comprehensive income	6,466	6,986
Dividends in excess of cumulative earnings	(526,739	) (453,561 )
Total shareholders' equity	1,448,518	1,328,693
Noncontrolling interests	165,023	192,404
Total equity	1,613,541	1,521,097
	\$6,866,665	\$7,089,736

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		Nine Months	
	Ended September 30,		Ended September 30,	
	2013	2012	2013	2012
<b>REVENUES:</b>				
Minimum rents	\$ 167,703	\$ 160,999	\$ 498,632	\$ 473,011
Percentage rents	2,797	3,152	9,847	8,183
Other rents	3,837	3,653	13,503	13,241
Tenant reimbursements	70,576	70,348	213,524	206,814
Management, development and leasing fees	3,118	3,139	9,042	7,574
Other	9,518	7,895	27,067	23,772
Total revenues	257,549	249,186	771,615	732,595
<b>OPERATING EXPENSES:</b>				
Property operating	38,375	35,326	111,170	104,331
Depreciation and amortization	68,941	63,994	206,115	188,606
Real estate taxes	22,607	22,286	66,411	66,626
Maintenance and repairs	13,387	13,218	40,808	38,057
General and administrative	10,160	10,171	36,459	35,964
Loss on impairment	—	3,912	21,038	3,912
Other	6,371	5,871	21,217	19,188
Total operating expenses	159,841	154,778	503,218	456,684
Income from operations	97,708	94,408	268,397	275,911
Interest and other income	8,809	822	10,197	3,192
Interest expense	(56,341)	) (61,768)	) (173,374)	) (181,593)
Gain (loss) on extinguishment of debt	—	178	(9,108)	) 178
Gain on sales of real estate assets	58	1,659	1,058	1,753
Gain on investment	—	—	2,400	—
Equity in earnings of unconsolidated affiliates	2,270	2,062	7,618	5,401
Income tax provision	(271)	) (1,195)	) (854)	) (1,234)
Income from continuing operations	52,233	36,166	106,334	103,608
Operating loss from discontinued operations	(8,346)	) (23,762)	) (5,195)	) (16,155)
Gain on discontinued operations	290	88	1,162	983
Net income	44,177	12,492	102,301	88,436
Net (income) loss attributable to noncontrolling interests				
in:				
Operating Partnership	(4,075)	) 1,776	(7,602)	) (7,783)
Other consolidated subsidiaries	(5,778)	) (6,194)	) (18,338)	) (17,139)
Net income attributable to the Company	34,324	8,074	76,361	63,514
Preferred dividends	(11,223)	) (10,594)	) (33,669)	) (31,782)
Net income (loss) attributable to common shareholders	\$ 23,101	\$ (2,520)	) \$ 42,692	\$ 31,732

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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,	
	2013	2012	2013	2012
Basic per share data attributable to common shareholders:				
Income from continuing operations, net of preferred dividends	\$0.18	\$0.11	\$0.28	\$0.29
Discontinued operations	(0.04	) (0.13	) (0.02	) (0.08
Net income (loss) attributable to common shareholders	\$0.14	\$(0.02)	\$0.26	\$0.21
Weighted-average common shares outstanding	169,906	158,689	166,048	152,721
Diluted per share data attributable to common shareholders:				
Income from continuing operations, net of preferred dividends	\$0.18	\$0.11	\$0.28	\$0.29
Discontinued operations	(0.04	) (0.13	) (0.02	) (0.08
Net income (loss) attributable to common shareholders	\$0.14	\$(0.02)	\$0.26	\$0.21
Weighted-average common and potential dilutive common shares outstanding	169,906	158,731	166,048	152,765
Amounts attributable to common shareholders:				
Income from continuing operations, net of preferred dividends	\$29,965	\$17,233	\$46,116	\$43,916
Discontinued operations	(6,864	) (19,753	) (3,424	) (12,184
Net income (loss) attributable to common shareholders	\$23,101	\$(2,520)	\$42,692	\$31,732
Dividends declared per common share	\$0.23	\$0.22	\$0.69	\$0.66

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		Nine Months		
	Ended September 30,		Ended September 30,		
	2013	2012	2013	2012	
Net income	\$44,177	\$12,492	\$102,301	\$88,436	
Other comprehensive income:					
Unrealized holding gain (loss) on available-for-sale securities	(1,749	) 522	(2,000	) 2,101	
Reclassification to net income of realized gain on available-for-sale securities	—	—	—	(160	)
Unrealized loss on hedging instruments	(451	) (801	) (289	) (2,411	)
Reclassification to net income of hedging loss	568	567	1,687	1,696	
Total other comprehensive income (loss)	(1,632	) 288	(602	) 1,226	
Comprehensive income	42,545	12,780	101,699	89,662	
Comprehensive (income) loss attributable to noncontrolling interests in:					
Operating Partnership	(3,831	) 1,729	(7,520	) (8,047	)
Other consolidated subsidiaries	(5,778	) (6,194	) (18,338	) (17,139	)
Comprehensive income attributable to the Company	\$32,936	\$8,315	\$75,841	\$64,476	

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)  
(Unaudited)

	Equity Shareholders' Equity					Accumulated Other Comprehensive Income	Dividends in Excess of Cumulative Earnings	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
	Redeemable Noncontrolling Partnership Interests	Preferred Stock	Common Stock	Additional Paid-in Capital						
Balance, January 1, 2012	\$ 32,271	\$ 23	\$ 1,484	\$ 1,657,927	\$ 3,425	\$ (399,581)	\$ 1,263,278	\$ 207,113	\$ 1,470,391	
Net income	2,441	—	—	—	—	63,514	63,514	6,993	70,507	
Other comprehensive income	10	—	—	—	962	—	962	254	1,216	
Costs of preferred stock offering	—	—	—	(134)	—	—	(134)	—	(134)	
Conversion of Operating Partnership common units to shares of common stock	—	—	103	48,174	—	—	48,277	(48,277)	—	
Redemption of Operating Partnership common units	—	—	—	—	—	—	—	(9,836)	(9,836)	
Dividends declared - common stock	—	—	—	—	—	(102,581)	(102,581)	—	(102,581)	
Dividends declared - preferred stock	—	—	—	—	—	(31,782)	(31,782)	—	(31,782)	
Issuances of common stock and restricted common stock	—	—	2	367	—	—	369	—	369	
Cancellation of restricted common stock	—	—	—	(261)	—	—	(261)	—	(261)	
Exercises of stock options	—	—	2	4,432	—	—	4,434	—	4,434	
Accrual under deferred compensation arrangements	—	—	—	44	—	—	44	—	44	

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Amortization of deferred compensation	—	—	—	1,957	—	—	1,957	—	1,957
Contributions from noncontrolling interests	—	—	—	—	—	—	—	5,559	5,559
Distributions to noncontrolling interests	(6,221 )	—	—	—	—	—	—	(25,716 )	(25,716 )
Adjustment for noncontrolling interests	2,379	—	—	(5,929 )	—	—	(5,929 )	3,550	(2,379 )
Adjustment to record redeemable noncontrolling interests at redemption value	10,049	—	—	(4,256 )	—	—	(4,256 )	(5,793 )	(10,049 )
Acquire controlling interest in shopping center properties	—	—	—	—	—	—	—	14,498	14,498
Balance, September 30, 2012	\$ 40,929	\$ 23	\$ 1,591	\$ 1,702,321	\$ 4,387	\$ (470,430)	\$ 1,237,892	\$ 148,345	\$ 1,386,237

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

	Equity Shareholders' Equity					Accumulated Other Comprehensive Income	Dividends in Excess of Cumulative Earnings	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
	Redeemable Noncontrolling Partnership Interests	Preferred Stock	Common Stock	Additional Paid-in Capital	Common Stock					
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	
Issuances of common stock and restricted common stock	—	—	86	209,445	—	—	209,531	—	209,531	
Dividends declared - common stock	—	—	—	—	—	(115,870 )	(115,870 )	—	(115,870 )	
Dividends declared - preferred stock	—	—	—	—	—	(33,669 )	(33,669 )	—	(33,669 )	
Cancellation 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 — — — — — — — (41,444 ) (41,444 )

shopping center

property

Balance,

September 30, \$ 37,170 \$ 25 \$ 1,699 \$ 1,967,067 \$ 6,466 \$(526,739) \$ 1,448,518 \$ 165,023 \$ 1,613,541  
2013

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,	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$102,301	\$88,436
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	212,752	198,700
Net amortization of deferred finance costs and debt premiums	3,651	5,563
Net amortization of intangible lease assets and liabilities	(111)	(551)
Gain on sales of real estate assets	(1,058)	(4,789)
Gain on investment	(2,400)	—
Gain on sale of discontinued operations	(1,162)	(983)
Write-off of development projects	141	(115)
Share-based compensation expense	2,308	2,211
Net realized gain on sale of available-for-sale securities	—	(160)
Loss on impairment	21,038	3,912
Loss on impairment from discontinued operations	5,234	26,501
Gain (loss) on extinguishment of debt	9,108	(178)
Equity in earnings of unconsolidated affiliates	(7,618)	(5,401)
Distributions of earnings from unconsolidated affiliates	11,225	11,724
Provision for doubtful accounts	1,459	1,310
Change in deferred tax accounts	1,666	3,681
Changes in:		
Tenant and other receivables	(7,430)	(7,374)
Other assets	754	(3,152)
Accounts payable and accrued liabilities	(15,821)	284
Net cash provided by operating activities	336,037	319,619
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to real estate assets	(233,202)	(159,414)
Acquisition of real estate assets	(26,444)	(61,289)
Additions to restricted cash	(2,909)	(2,595)
Proceeds from sales of real estate assets	219,800	49,366
Additions to mortgage and other notes receivable	(2,700)	(3,584)
Payments received on mortgage and other notes receivable	3,743	2,962
Proceeds from sales of investments and available-for-sale securities	15,877	—
Additional investments in and advances to unconsolidated affiliates	(31,969)	(4,994)
Distributions in excess of equity in earnings of unconsolidated affiliates	8,706	17,620
Changes in other assets	(14,295)	(1,759)
Net cash used in investing activities	(63,393)	(163,687)

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

	Nine Months Ended September 30,	
	2013	2012
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from mortgage and other indebtedness	\$1,696,913	\$1,348,822
Principal payments on mortgage and other indebtedness	(1,568,874	) (1,311,827 )
Additions to deferred financing costs	(3,173	) (2,864 )
Prepayment fees on extinguishment of debt	(8,708	) —
Proceeds from issuances of common stock	209,510	128
Costs of preferred stock offering	—	(134 )
Proceeds from exercises of stock options	—	4,434
Purchase of noncontrolling interest in the Operating Partnership	—	(9,836 )
Redemption of redeemable noncontrolling preferred joint venture interest	(408,577	) —
Contributions from noncontrolling interests	—	5,559
Distributions to noncontrolling interests	(47,450	) (49,437 )
Dividends paid to holders of preferred stock	(33,669	) (31,782 )
Dividends paid to common shareholders	(112,276	) (98,737 )
Net cash used in financing activities	(276,304	) (145,674 )
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,660</b>	<b>) 10,258</b>
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	<b>78,248</b>	<b>56,092</b>
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<b>\$74,588</b>	<b>\$66,350</b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Cash paid for interest, net of amounts capitalized	\$168,092	\$175,610

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)

	September 30, 2013	December 31, 2012
<b>ASSETS</b>		
Real estate assets:		
Land	\$882,723	\$905,339
Buildings and improvements	7,100,354	7,228,293
	7,983,077	8,133,632
Accumulated depreciation	(2,017,610)	(1,972,031)
	5,965,467	6,161,601
Held for sale	—	29,425
Developments in progress	161,841	137,956
Net investment in real estate assets	6,127,308	6,328,982
Cash and cash equivalents	74,578	78,244
Receivables:		
Tenant, net of allowance for doubtful accounts of \$2,204 and \$1,977 in 2013 and 2012, respectively	77,914	78,963
Other, net of allowance for doubtful accounts of \$1,283 and \$1,270 in 2013 and 2012, respectively	20,696	8,467
Mortgage and other notes receivable	24,976	25,967
Investments in unconsolidated affiliates	280,220	260,363
Intangible lease assets and other assets	261,397	309,239
	\$6,867,089	\$7,090,225
 <b>LIABILITIES, REDEEMABLE INTERESTS AND CAPITAL</b>		
Mortgage and other indebtedness	\$4,867,717	\$4,745,683
Accounts payable and accrued liabilities	348,237	358,800
Total liabilities	5,215,954	5,104,483
Commitments and contingencies (Notes 5 and 12)		
Redeemable interests:		
Redeemable noncontrolling interests	6,633	6,413
Redeemable common units	30,537	33,835
Redeemable noncontrolling preferred joint venture interest	—	423,834
Total redeemable interests	37,170	464,082
Partners' capital:		
Preferred units	565,212	565,212
Common units:		
General partner	10,702	9,904
Limited partners	1,010,964	877,363
Accumulated other comprehensive income	5,087	5,685
Total partners' capital	1,591,965	1,458,164
Noncontrolling interests	22,000	63,496
Total capital	1,613,965	1,521,660
	\$6,867,089	\$7,090,225

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,	
	2013	2012	2013	2012
<b>REVENUES:</b>				
Minimum rents	\$ 167,703	\$ 160,999	\$ 498,632	\$ 473,011
Percentage rents	2,797	3,152	9,847	8,183
Other rents	3,837	3,653	13,503	13,241
Tenant reimbursements	70,576	70,348	213,524	206,814
Management, development and leasing fees	3,118	3,139	9,042	7,574
Other	9,518	7,895	27,067	23,772
Total revenues	257,549	249,186	771,615	732,595
<b>OPERATING EXPENSES:</b>				
Property operating	38,375	35,326	111,170	104,331
Depreciation and amortization	68,941	63,994	206,115	188,606
Real estate taxes	22,607	22,286	66,411	66,626
Maintenance and repairs	13,387	13,218	40,808	38,057
General and administrative	10,160	10,171	36,459	35,964
Loss on impairment	—	3,912	21,038	3,912
Other	6,371	5,871	21,217	19,188
Total operating expenses	159,841	154,778	503,218	456,684
Income from operations	97,708	94,408	268,397	275,911
Interest and other income	8,809	822	10,197	3,192
Interest expense	(56,341)	(61,768)	(173,374)	(181,593)
Gain (loss) on extinguishment of debt	—	178	(9,108)	178
Gain on sales of real estate assets	58	1,659	1,058	1,753
Gain on investment	—	—	2,400	—
Equity in earnings of unconsolidated affiliates	2,270	2,062	7,618	5,401
Income tax provision	(271)	(1,195)	(854)	(1,234)
Income from continuing operations	52,233	36,166	106,334	103,608
Operating loss from discontinued operations	(8,346)	(23,762)	(5,195)	(16,155)
Gain on discontinued operations	290	88	1,162	983
Net income	44,177	12,492	102,301	88,436
Net income attributable to noncontrolling interests	(5,778)	(6,194)	(18,338)	(17,139)
Net income attributable to the Operating Partnership	38,399	6,298	83,963	71,297
Distributions to preferred unitholders	(11,223)	(10,594)	(33,669)	(31,782)
Net income (loss) attributable to common unitholders	\$ 27,176	\$ (4,296)	\$ 50,294	\$ 39,515

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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,	
	2013	2012	2013	2012
Basic per unit data attributable to common unitholders:				
Income from continuing operations, net of preferred distributions	\$0.17	\$0.08	\$0.27	\$0.27
Discontinued operations	(0.03	) (0.10	) (0.01	) (0.06
Net income (loss) attributable to common unitholders	\$0.14	\$(0.02)	) \$0.26	\$0.21
Weighted-average common units outstanding	199,451	190,195	195,594	190,182
Diluted per unit data attributable to common unitholders:				
Income from continuing operations, net of preferred distributions	\$0.17	\$0.08	\$0.27	\$0.27
Discontinued operations	(0.03	) (0.10	) (0.01	) (0.06
Net income (loss) attributable to common unitholders	\$0.14	\$(0.02)	) \$0.26	\$0.21
Weighted-average common and potential dilutive common units outstanding	199,451	190,236	195,594	190,226
Amounts attributable to common unitholders:				
Income from continuing operations, net of preferred distributions	\$34,040	\$15,457	\$53,718	\$51,699
Discontinued operations	(6,864	) (19,753	) (3,424	) (12,184
Net income (loss) attributable to common unitholders	\$27,176	\$(4,296)	) \$50,294	\$39,515
Distributions declared per common unit	\$0.23	\$0.22	\$0.69	\$0.66

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		Nine Months		
	Ended September 30,		Ended September 30,		
	2013	2012	2013	2012	
Net income	\$44,177	\$12,492	\$102,301	\$88,436	
Other comprehensive income:					
Unrealized holding gain (loss) on available-for-sale securities	(1,749	) 522	(2,000	) 2,101	
Reclassification to net income of realized gain on available-for-sale securities	—	—	—	(160	)
Unrealized loss on hedging instruments	(451	) (801	) (289	) (2,411	)
Reclassification to net income of hedging loss	568	567	1,687	1,696	
Total other comprehensive income (loss)	(1,632	) 288	(602	) 1,226	
Comprehensive income	42,545	12,780	101,699	89,662	
Comprehensive income attributable to noncontrolling interests	(5,778	) (6,194	) (18,338	) (17,139	)
Comprehensive income of the Operating Partnership	\$36,767	\$6,586	\$83,361	\$72,523	

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

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## CBL &amp; Associates Limited Partnership

## Condensed Consolidated Statements of Partners' Capital and Noncontrolling Interests

(in thousands, except unit data)

(Unaudited)

	Redeemable Interests			Common Units					Accumulated Other Comprehensive Income	Total Partners' Comprehensive Capital	Noncontrol Interests	Total Partners' Capital
	Redeemable Partnership Interests	Redeemable Common Units	Total Redeemable Partnership Interests	Preferred Units	Common Units	Preferred Units	General Partner	Limited Partners				
Balance, January 1, 2012	\$6,235	\$26,036	\$32,271	23	190,380	\$509,719	\$10,178	\$944,633	\$1,711	\$1,466,241	\$4,280	\$
Net income	2,117	324	2,441	—	—	31,782	422	38,769	—	70,973	(466)	7
Other comprehensive income	—	10	10	—	—	—	—	—	1,216	1,216	—	1
Cost of issuing preferred units	—	—	—	—	—	(134)	—	—	—	(134)	—	(
Redemption of common units	—	—	—	—	(627)	—	—	(9,836)	—	(9,836)	—	(
Distributions declared - common units	—	—	—	—	—	—	(1,771)	(100,810)	—	(102,581)	—	(
Distributions declared - preferred units	—	—	—	—	—	(31,782)	—	—	—	(31,782)	—	(
Issuances of common units	—	—	—	—	219	—	—	369	—	369	—	3
Cancellation of restricted common units	—	—	—	—	(22)	—	—	(261)	—	(261)	—	(
Contributions from CBL related to exercises of stock options	—	—	—	—	244	—	—	4,434	—	4,434	—	4
Accrual under deferred compensation arrangements	—	—	—	—	—	—	—	44	—	44	—	4
Amortization of deferred compensation Contributions from noncontrolling interests	—	—	—	—	—	—	21	1,936	—	1,957	—	1
	(2,678)	(3,543)	(6,221)	—	—	—	—	(24,638)	—	(24,638)	(1,078)	(



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Distributions to noncontrolling interests												
Allocation of partners' capital	—	2,379	2,379	—	—	—	335	(2,714)	) —	(2,379)	) —	(
Adjustment to record redeemable interests at redemption value	542	9,507	10,049	—	—	—	(108)	) (9,941)	) —	(10,049)	) —	(
Acquire controlling interest in shopping center properties	—	—	—	—	—	—	—	—	—	—	—	14,498
Balance, September 30, 2012	\$6,216	\$34,713	\$40,929	23	190,194	\$509,585	\$9,077	\$841,985	\$2,927	\$1,363,574	\$22,793	\$

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## CBL &amp; Associates Limited Partnership

## Condensed Consolidated Statements of Partners' Capital and Noncontrolling Interests

(in thousands, except unit data)

(Unaudited)

(Continued)

	Redeemable Interests					Common Units			Accumulated Other Comprehensive Income	Total Partners' Capital	Non- Inter-
	Redeemable Partnership Interests	Redeemable Common Units	Total Redeemable Partnership Interests	Preferred Units	Common Units	Preferred Units	General Partner	Limited Partners			
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 common units	—	—	—	—	(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)	(960)
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	—	—	—	—	—	—	—	—	—	—	(41,

interest in  
shopping  
center property

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

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,	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$102,301	\$88,436
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	212,752	198,700
Net amortization of deferred finance costs and debt premiums	3,651	5,563
Net amortization of intangible lease assets and liabilities	(111)	(551)
Gain on sales of real estate assets	(1,058)	(4,789)
Gain on investment	(2,400)	—
Gain on sale of discontinued operations	(1,162)	(983)
Write-off of development projects	141	(115)
Share-based compensation expense	2,308	2,211
Net realized gain on sale of available-for-sale securities	—	(160)
Loss on impairment	21,038	3,912
Loss on impairment from discontinued operations	5,234	26,501
(Gain) loss on extinguishment of debt	9,108	(178)
Equity in earnings of unconsolidated affiliates	(7,618)	(5,401)
Distributions of earnings from unconsolidated affiliates	11,225	11,724
Provision for doubtful accounts	1,459	1,310
Change in deferred tax accounts	1,666	3,681
Changes in:		
Tenant and other receivables	(7,430)	(7,374)
Other assets	815	(3,152)
Accounts payable and accrued liabilities	(15,888)	286
Net cash provided by operating activities	336,031	319,621
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to real estate assets	(233,202)	(159,414)
Acquisition of real estate assets	(26,444)	(61,289)
Additions to restricted cash	(2,909)	(2,595)
Proceeds from sales of real estate assets	219,800	49,366
Additions to mortgage and other notes receivable	(2,700)	(3,584)
Payments received on mortgage and other notes receivable	3,743	2,962
Proceeds from sales of investments and available-for-sale securities	15,877	—
Additional investments in and advances to unconsolidated affiliates	(31,969)	(4,998)
Distributions in excess of equity in earnings of unconsolidated affiliates	8,706	17,620
Changes in other assets	(14,295)	(1,759)
Net cash used in investing activities	(63,393)	(163,691)

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

	Nine Months Ended September 30,	
	2013	2012
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from mortgage and other indebtedness	\$1,696,913	\$1,348,822
Principal payments on mortgage and other indebtedness	(1,568,874	) (1,311,827 )
Additions to deferred financing costs	(3,173	) (2,864 )
Prepayment fees on extinguishment of debt	(8,708	) —
Proceeds from issuances of common units	209,510	128
Costs to issue preferred units	—	(134 )
Redemption of common units	—	(9,836 )
Contributions from CBL related to exercises of stock options	—	4,434
Contributions from noncontrolling interests	—	5,559
Redemption of redeemable noncontrolling preferred joint venture interest	(408,577	) —
Distributions to noncontrolling interests	(22,310	) (21,257 )
Distributions to preferred unitholders	(33,669	) (31,782 )
Distributions to common unitholders	(137,416	) (126,917 )
Net cash used in financing activities	(276,304	) (145,674 )
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,666</b>	<b>) 10,256</b>
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	<b>78,244</b>	<b>56,077</b>
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<b>\$74,578</b>	<b>\$66,333</b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Cash paid for interest, net of amounts capitalized	\$168,092	\$115,507

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 share and unit data)

Note 1 – Organization and Basis of Presentation

CBL & Associates Properties, Inc. (the “Company”), 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.

The Company conducts substantially all of its business through CBL & Associates Limited Partnership (the “Operating Partnership”). As of September 30, 2013, the Operating Partnership owned controlling interests in 75 regional malls/open-air and outlet centers (including one mixed-use center), 25 associated centers (each located adjacent to a regional mall), seven community centers and eight office buildings, including the Company’s corporate office building. The Operating Partnership consolidates the financial statements of all entities in which it has a controlling financial interest or where it is the primary beneficiary of a variable interest entity (“VIE”). At September 30, 2013, the Operating Partnership owned noncontrolling interests in nine regional malls/open-air centers, four associated centers, four community centers and five office buildings. Because one or more of the other partners have substantive participating rights, the Operating Partnership does not control these partnerships and joint ventures and, accordingly, accounts for these investments using the equity method. The Operating Partnership had controlling interests in one outlet center development, three mall expansions and two mall redevelopments at September 30, 2013. The Operating Partnership had a noncontrolling interest in one community center development at September 30, 2013. The Operating Partnership also holds options to acquire certain development properties owned by third parties.

The Company is the 100% owner of two qualified REIT subsidiaries, CBL Holdings I, Inc. and CBL Holdings II, Inc. At September 30, 2013, 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 84.2% limited partner interest for a combined interest held by CBL of 85.2%.

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, 2013, CBL’s Predecessor owned a 9.1% limited partner interest and third parties owned a 5.7% limited partner interest in the Operating Partnership. CBL’s Predecessor also owned 3.2 million shares of the Company’s common stock at September 30, 2013, for a total combined effective interest of 10.7% 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”).

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 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 the