

CBL & ASSOCIATES PROPERTIES INC  
Form 10-Q  
May 10, 2011

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 MARCH 31, 2011

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  
(State or other jurisdiction of incorporation or organization)  
Identification Number)

62-1545718  
(I.R.S. Employer

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)

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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 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).

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 April 29, 2011, there were 148,362,815 shares of common stock, par value \$0.01 per share, outstanding.

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CBL & Associates Properties, Inc.

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## PART I – FINANCIAL INFORMATION

## ITEM 1: Financial Statements

## CBL &amp; Associates Properties, Inc.

Condensed Consolidated Balance Sheets  
(In thousands, except share data)  
(Unaudited)

ASSETS	March 31, 2011	December 31, 2010
Real estate assets:		
Land	\$926,479	\$928,025
Buildings and improvements	7,538,099	7,543,326
	8,464,578	8,471,351
Accumulated depreciation	(1,778,046)	(1,721,194)
	6,686,532	6,750,157
Developments in progress	160,040	139,980
Net investment in real estate assets	6,846,572	6,890,137
Cash and cash equivalents	49,340	50,896
Receivables:		
Tenant, net of allowance for doubtful accounts of \$3,167 in 2011 and 2010	69,578	77,989
Other	12,900	11,996
Mortgage and other notes receivable	28,857	30,519
Investments in unconsolidated affiliates	180,131	179,410
Intangible lease assets and other assets	269,963	265,607
	\$7,457,341	\$7,506,554
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Mortgage and other indebtedness	\$5,184,098	\$5,209,747
Accounts payable and accrued liabilities	283,930	314,651
Total liabilities	5,468,028	5,524,398
Commitments and contingencies		
Redeemable noncontrolling interests:		
Redeemable noncontrolling partnership interests	34,252	34,379
Redeemable noncontrolling preferred joint venture interest	423,719	423,834
Total redeemable noncontrolling interests	457,971	458,213
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 2011 and 2010	5	5
7.375% Series D Cumulative Redeemable Preferred Stock, 1,815,000 shares outstanding in 2011 and 2010	18	18
Common stock, \$.01 par value, 350,000,000 shares authorized, 148,317,238 and 147,923,707 issued and outstanding in 2011 and 2010, respectively	1,483	1,479

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Additional paid-in capital	1,660,001	1,657,507
Accumulated other comprehensive income	9,348	7,855
Accumulated deficit	(360,951 )	(366,526 )
Total shareholders' equity	1,309,904	1,300,338
Noncontrolling interests	221,438	223,605
Total equity	1,531,342	1,523,943
	\$7,457,341	\$7,506,554

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

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

	Three Months Ended March 31,	
	2011	2010
<b>REVENUES:</b>		
Minimum rents	\$171,684	\$165,732
Percentage rents	3,776	3,940
Other rents	5,008	4,539
Tenant reimbursements	76,985	78,576
Management, development and leasing fees	1,337	1,706
Other	9,360	7,237
<b>Total revenues</b>	<b>268,150</b>	<b>261,730</b>
<b>EXPENSES:</b>		
Property operating	40,196	37,720
Depreciation and amortization	67,981	70,449
Real estate taxes	24,280	24,618
Maintenance and repairs	16,032	15,442
General and administrative	11,800	11,074
Other	8,303	6,701
<b>Total expenses</b>	<b>168,592</b>	<b>166,004</b>
Income from operations	99,558	95,726
Interest and other income	545	1,051
Interest expense	(68,213 )	(72,380 )
Gain on extinguishment of debt	581	-
Gain on sales of real estate assets	809	866
Equity in earnings of unconsolidated affiliates	1,778	539
Income tax benefit	1,770	1,877
Income from continuing operations	36,828	27,679
Operating income (loss) of discontinued operations	27,066	(476 )
Gain on discontinued operations	14	-
<b>Net income</b>	<b>63,908</b>	<b>27,203</b>
Net income attributable to noncontrolling interests in:		
Operating partnership	(10,451 )	(4,110 )
Other consolidated subsidiaries	(6,138 )	(6,137 )
<b>Net income attributable to the Company</b>	<b>47,319</b>	<b>16,956</b>
Preferred dividends	(10,594 )	(6,028 )
<b>Net income attributable to common shareholders</b>	<b>\$36,725</b>	<b>\$10,928</b>





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

	Three Months Ended March 31,	
	2011	2010
Basic per share data attributable to common shareholders:		
Income from continuing operations, net of preferred dividends	\$0.11	\$0.08
Discontinued operations	0.14	-
Net income attributable to common shareholders	\$0.25	\$0.08
Weighted average common shares outstanding	148,069	137,967
Diluted earnings per share data attributable to common shareholders:		
Income from continuing operations, net of preferred dividends	\$0.11	\$0.08
Discontinued operations	0.14	-
Net income attributable to common shareholders	\$0.25	\$0.08
Weighted average common and potential dilutive common shares outstanding	148,123	138,006
Amounts attributable to common shareholders:		
Income from continuing operations, net of preferred dividends	\$15,644	\$11,274
Discontinued operations	21,081	(346 )
Net income attributable to common shareholders	\$36,725	\$10,928
Dividends declared per common share	0.21	0.20

The accompanying notes are an integral part of these statements.

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

	Equity								
	Redeemable Noncontrolling			Shareholders' Equity			Total		
	Partnership	Preferred	Common	Additional	Other	Accumulated	Shareholders'	Noncontrolling	Total
	Interests	Stock	Stock	Paid-in	Income	Deficit	Equity	Interests	Equity
Balance, January 1, 2010	\$22,689	\$12	\$1,379	\$1,399,654	\$491	\$(283,640)	\$1,117,896	\$302,483	\$1,420,379
Net income	1,055	-	-	-	-	16,956	16,956	4,086	21,042
Other comprehensive income (loss):									
Net unrealized gain on available-for-sale securities	29	-	-	-	2,571	-	2,571	939	3,510
Net unrealized gain on hedging instruments	5	-	-	-	442	-	442	162	604
Realized loss on foreign currency translation adjustment	1	-	-	-	123	-	123	45	168
Unrealized gain (loss) on foreign currency translation adjustment	(397 )	-	-	-	(962 )	-	(962 )	1,203	241
Total other comprehensive income (loss)	(362 )	-	-	-	-	-	2,174	2,349	4,523
Dividends declared - common stock	-	-	-	-	-	(27,602 )	(27,602 )	-	(27,602 )
Dividends declared - preferred stock	-	-	-	-	-	(6,028 )	(6,028 )	-	(6,028 )
Issuance of preferred stock	-	6	-	121,035	-	-	121,041	-	121,041
Issuance of common stock and restricted common stock	-	-	1	58	-	-	59	-	59
Cancellation of restricted common stock	-	-	-	(24 )	-	-	(24 )	-	(24 )
Exercise of stock options	-	-	-	133	-	-	133	-	133
Accrual under deferred compensation arrangements	-	-	-	3	-	-	3	-	3
Amortization of deferred compensation	-	-	-	931	-	-	931	-	931
Income tax effect of share-based compensation	(10 )	-	-	(923 )	-	-	(923 )	(337 )	(1,260 )
Distributions to noncontrolling interests	(1,893 )	-	-	-	-	-	-	(15,142 )	(15,142 )
	712	-	-	(1,931 )	-	-	(1,931 )	1,219	(712 )

Adjustment for noncontrolling interests										
Adjustment to record redeemable noncontrolling interests at redemption value	6,329	-	-	(6,329 )	-	-	(6,329 )	-	(6,329 )	
Balance, March 31, 2010	\$28,520	\$18	\$1,380	\$1,512,607	\$2,665	\$(300,314)	\$1,216,356	\$294,658	\$1,511,014	

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

	Equity		Shareholders' Equity			Equity		Total	Total
	Noncontrolling	Shareholders'	Additional	Other	Accumulated	Shareholders'	Noncontrolling		
	Partnership	Preferred	Common	Paid-in	Comprehensive	Accumulated	Shareholders'	Interests	Equity
	Interests	Stock	Stock	Capital	Income	Deficit	Equity	Interests	Equity
Balance, January 1, 2011	\$ 34,379	\$ 23	\$ 1,479	\$ 1,657,507	\$ 7,855	\$ (366,526)	\$ 1,300,338	\$ 223,605	\$ 1,523,943
Net income	1,353	-	-	-	-	47,319	47,319	10,151	57,470
Other comprehensive income:									
Unrealized gain on available-for-sale securities	11	-	-	-	1,038	-			