

Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

CBL & ASSOCIATES PROPERTIES INC  
Form 8-K  
April 28, 2004

Securities Exchange Act of 1934 -- Form 8-K

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

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

Date of Report:  
April 28, 2004

-----  
CBL & ASSOCIATES PROPERTIES, INC.

-----  
(Exact name of registrant as specified in its charter)

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

2030 Hamilton Place Boulevard, Chattanooga, TN 37421

-----  
(Address of principal executive offices)

Registrant's telephone number, including area code:

-----  
(423) 855-0001

1

ITEM 7. Exhibits

Exhibit Number	Description
99.1	Earnings Release First Quarter Ended March 31, 2004
99.2	Analyst Conference Call Script - First Quarter Ended March 31, 2004
99.3	Supplemental Information - First Quarter Ended March 31, 2004

ITEM 12. Results of Operations and Financial Condition

On April 27, 2004, CBL & Associates Properties, Inc. (the "Company") reported its results for the first quarter ended March 31, 2004. The Company's

Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

earnings release for the first quarter ended March 31, 2004 is attached as Exhibit 99.1. On April 28, 2004, the Company held a conference call to discuss the first quarter results. The transcript of the conference call is attached as Exhibit 99.2. The Company has posted to its website certain supplemental financial and operating information related to the first quarter of 2004, which is attached as Exhibit 99.3.

The information in this Form 8-K and the Exhibits attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act 1933, except as shall be expressly set forth by specific reference in such filing.

SIGNATURE

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/ John N. Foy

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

Date: April 28, 2004

99.1 Earnings Release - First Quarter Ended March 31, 2004

[Letterhead of CBL & Associates Properties, Inc.]

Contact: John N. Foy  
Vice Chairman and CFO  
(423) 855-0001

CBL REPORTS FIRST QUARTER RESULTS

\* Net income per share increases 29.7% \* FFO per share increases 3.4% to \$1.23 per share \* Same store sales increase 7.5% \* Grand Opening held at Coastal Grand - Myrtle Beach, South Carolina \* Acquires three regional malls for \$309 million in March and April

## Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

CHATTANOOGA, Tenn. (April 27, 2004) CBL & Associates Properties, Inc. (NYSE:CBL) announced results for the first quarter ended March 31, 2004. A description of each non-GAAP financial measure and the related reconciliation to the comparable GAAP measure is located at the end of this release.

Net income available to common shareholders increased 32.5% in the first quarter of 2004 to \$30,189,000 from \$22,776,000 in the prior-year period. On a diluted per share basis, net income available to common shareholders for the first quarter of 2004 increased 29.7% to \$0.96 compared with \$0.74 in the prior-year period. The increase in the net income includes the gain from the sale of community centers to the Galileo America REIT joint venture. The total gain was \$18,289,000 and after adjusting for minority interest in the operating partnership the gain was \$9,998,000 or \$0.32 per share.

Funds from operations (FFO) increased 3.5% to \$69,660,000 for the first quarter of 2004 from \$67,297,000 for the first quarter of 2003. FFO per share on a diluted, fully converted basis increased 3.4% to \$1.23 for the first quarter of 2004 from \$1.19 in the prior-year period. Gains on sales of outparcels for the first quarter of 2004 were \$0.02 per diluted, fully converted share compared with \$0.02 for the first quarter one year ago. The gain from the Galileo transaction did not impact FFO as gains from the sale of operating properties are excluded from FFO.

### HIGHLIGHTS

- |X| Revenues increased 5.7% in the first quarter of 2004 to \$172,973,000 from \$163,590,000 in the prior-year period. Revenues for the first quarter of 2004 include \$1,143,000 in lease termination fees received from tenants compared with \$399,000 received during the same period one year ago.
  
- |X| As a result of the application of Statement of Financial Accounting Standards ("SFAS") Nos. 141 and 142, the Company's FFO includes \$638,000 of revenues related to the amortization of the market value of leases of acquired properties, compared to \$50,000 in the first quarter of 2003. Interest expense in the first quarter includes a reduction of \$973,000 related to the amortization of debt premiums associated with above market-rate debt assumed for acquired properties, compared with none for the prior-year period.
  
- |X| Same center net operating income for the portfolio improved in the first quarter of 2004 by 1.7% compared with a 5.0% increase for the prior-year period.
  
- |X| Same-store sales for mall tenants of 10,000 square feet or less for stabilized malls increased 7.5% for the quarter for those tenants who have reported sales compared with a decrease of 3.0% for the first quarter of 2003.
  
- |X| The debt-to-total-market capitalization ratio as of March 31, 2004, was 44.5% based on the common stock closing price of \$61.34 and a fully converted common stock share count of 55,808,000 as of the same date. The debt-to-total-market capitalization ratio as of March 31, 2003, was 50.7% based on the common stock closing price of \$40.59.
  
- |X| Variable rate debt of \$544,952,000 represents 8.3% of the total market capitalization for the Company and represents 18.7% of the Company's total consolidated and unconsolidated debt.

CBL's chairman and chief executive officer, Charles B. Lebovitz, said

## Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

"The first quarter was an important period for us in terms of continuing the sales and leasing momentum from the busy holiday season as well as setting the right tone and course for 2004. We met each of these objectives this quarter. Building on the positive sales trends we experienced in the second half of last year, we posted a 7.5% increase in same store sales during the first quarter. We improved occupancy in our malls and community centers and same center NOI in the total portfolio increased by 1.7%. Although we still expect some additional store closings from recent bankruptcies, we will continue to aggressively pursue exciting and more productive tenants to take their place.

"We are encouraged by recent news that the economy is improving and that retailers in general are experiencing better sales and healthier margins. We anticipated that interest rates would rise as the economy started to improve. Our financial structure is very sound as we have consistently placed long-term, non-recourse fixed rate debt on our stabilized properties. Over the last two years we have placed approximately \$800 million in fixed-rate, long-term financing. As a result, our variable rate debt is only 8.3% of our total market capitalization which positions us to focus more on benefiting from the improvement in the economy rather than being concerned with interest rate risks.

"With the successful grand opening in March of the 900,000-square-foot Coastal Grand which is 90% leased and committed, the acquisition in March of Volusia Mall and Honey Creek Mall for \$202 million and the acquisition in April of Greenbrier Mall for \$107 million, our active program of new developments and acquisitions is off to a strong start. The addition of these quality regional malls coupled with our program of keeping our properties up to date through renovations and expansions will keep our portfolio at the top of retailers' expansion plans."

### PORTFOLIO OCCUPANCY AND SALES\*

	March 31,	
	2004	2003
Portfolio occupancy:	90.8%	90.5%
Mall portfolio	91.0%	90.4%
Stabilized malls (60)	91.5%	91.0%
Non-stabilized malls (3)	81.5%	78.4%
Associated centers (24)	88.7%	90.9%
Community centers (14)	91.6%	90.2%

### ACQUISITIONS

During the first quarter the Company acquired two regional malls from entities advised by Faison & Associates, LLC for a total consideration of \$202 million and an average yield of 7.75% on income in place. The acquisitions included the 1,065,000 square-foot Volusia Mall in Daytona Beach, Florida, with average mall shop sales of \$368 in 2003 and the 681,000 square-foot Honey Creek Mall in Terre Haute, Indiana, with average mall shop sales of \$335 during 2003. In April, the Company acquired the 890,000 square-foot Greenbrier Mall located in Chesapeake, Virginia, with average mall shop sales per square foot of \$330 in 2003. The Company paid \$102.5 million for Greenbrier Mall at a yield of 8% based on income in place. Additionally, the Company paid \$4.5 million to prepay the existing debt that the Company did not assume.

## Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

### PROPERTY SALES

CBL has now completed Phases I and II of the joint venture with Galileo America REIT, originally announced in September 2003. In January 2004, CBL completed the sale of six community centers and has now sold interests in a total of 47 community centers to the venture. The third and final phase will be completed in January 2005.

### OUTLOOK AND GUIDANCE

Based on today's outlook and the Company's first quarter results, management projects that Funds From Operations (FFO) will be in the range of \$4.80 to \$4.85 for the year. The Company expects to update its annual guidance after each quarter's results.

	Low	High
2004 FFO guidance previously provided - February 3, 2004	\$4.60	\$4.65
Acquisitions of Honey Creek Mall, Volusia Mall and Greenbrier Mall (for the year 2004)	0.18	0.18
First quarter 2004 lease termination fees	0.02	0.02
	-----	-----
Revised FFO guidance for 2004	\$4.80	\$4.85
	=====	=====
	Low	High
Expected diluted earnings per common share	\$1.38	\$1.41
Add: real estate depreciation and amortization	2.23	2.23
Add: depreciation and amortization from unconsolidated affiliates	0.08	0.08
Add: minority interest in earnings of Operating Partnership	1.11	1.13
	-----	-----
Expected FFO per diluted common share	\$4.80	\$4.85
	=====	=====

### INVESTOR CONFERENCE CALL AND SIMULCAST

CBL & Associates Properties, Inc. will conduct a conference call at 10:00 am EDT on April 28, 2004, to discuss the first quarter results. The number to call for this interactive teleconference is 913-981-5558. A five-day replay of the conference call will be available by dialing 719-457-0820 and entering the passcode 452232. A transcript of the Company's prepared remarks will be filed as a Form 8-K following the conference call.

To receive the CBL & Associates Properties, Inc. first quarter earnings release and supplemental information please visit our website at [www.cblproperties.com](http://www.cblproperties.com) or contact Investor Relations at 423-490-8292.

The Company will also provide an online Web simulcast and rebroadcast of its 2004 first quarter earnings release conference call. The live broadcast of CBL's quarterly conference call will be available online at the Company's Web site at [www.cblproperties.com](http://www.cblproperties.com), as well as [www.streetevents.com](http://www.streetevents.com) and [www.fulldisclosure.com](http://www.fulldisclosure.com) on April 28, 2004, beginning at 10:00 a.m. EDT. The online replay will follow shortly after the call and continue through May 13,

## Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

2004.

### NON-GAAP FINANCIAL MEASURES

#### 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 generally accepted accounting principles ("GAAP"). The National Association of Real Estate Investment Trusts defines FFO as 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 enhances investors' understanding of the Company's operating performance.

FFO does not represent cash flow from operations as defined by accounting principles generally accepted in the United States, is not necessarily indicative of cash available to fund all cash flow needs and should not be considered as an alternative to net income for purposes of evaluating the Company's operating performance or to cash flow as a measure of liquidity.

#### Same-Center Net Operating Income

Net operating income ("NOI") is a supplemental measure of the operating performance of the Company's shopping centers. The Company defines NOI as operating revenues (rental revenues, tenant reimbursements and other income) less property operating expenses (property operating, real estate taxes and maintenance and repairs). Similar to FFO, the Company computes NOI based on its pro rata share of both consolidated and unconsolidated properties. The Company's definition of NOI may be different than that used by other companies and, accordingly, the Company's NOI may not be comparable to that of other companies. A reconciliation of same-center NOI to net income is located at the end of this earnings release.

Since NOI includes only those revenues and expenses related to the continuing operations of its shopping center properties, the Company believes 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 the Company's results of operations.

#### Pro Rata Share of Debt

The Company presents debt based on its pro rata ownership share (including the Company's pro rata share of unconsolidated affiliates and excluding minority investors' share of consolidated properties) because it believes this provides investors a clearer understanding of the Company's total debt obligations which affects the Company's liquidity. A reconciliation of the Company's pro rata share of debt to the amount of debt on the Company's consolidated balance sheet is located at the end of this earnings release.

CBL & Associates Properties, Inc. is one of the top five owners of shopping centers in North America and the largest owner of malls and shopping centers in the Southeast, ranked by GLA. CBL owns or holds interests and manages 165 properties, including 64 enclosed regional malls. The properties are located in 27 states and total 66.5 million-square-feet including 2.0 million-square-feet of non-owned shopping centers managed for third parties. CBL

## Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

has five projects under construction totaling approximately 1.4 million-square-feet including one regional mall - Imperial Valley Mall in the Imperial Valley region of California, one community center and three expansions. In addition to its office in Chattanooga, TN, CBL has a regional office in Boston (Waltham), MA. Additional information can be found at [www.cblproperties.com](http://www.cblproperties.com).

Information included herein contains "forward-looking statements" within the meaning of the federal securities laws. Such statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual events, financial and otherwise, may differ materially from the events and results discussed in the forward-looking statements. The reader is directed to the Company's various filings with the Securities and Exchange Commission, including without limitation the Company's Annual Report on Form 10-K and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" incorporated by reference therein, for a discussion of such risks and uncertainties.

CBL Reports First Quarter Results  
Page 5  
April 27, 2004

CBL & Associates Properties, Inc.  
Consolidated Statements of Operations  
(Unaudited; in thousands, except per share amounts)

	Three Months Ended March 31,	
	2004	2003
<b>REVENUES:</b>		
Minimum rents	\$ 109,051	\$ 102,719
Percentage rents	6,696	6,327
Other rents	2,786	2,029
Tenant reimbursements	48,198	47,851
Management, development and leasing fees	1,795	1,319
Other	4,447	3,345
	172,973	163,590
<b>EXPENSES:</b>		
Property operating	27,746	26,197
Depreciation and amortization	32,745	26,225
Real estate taxes	13,193	13,949
Maintenance and repairs	10,285	10,527
General and administrative	8,233	6,353
Other	3,032	2,341
	95,234	85,592
Income from operations	77,739	77,998

Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

Interest income	880	579
Interest expense	(40,445)	(36,956)
Gain on sales of real estate assets	19,825	1,104
Equity in earnings of unconsolidated affiliates	2,864	1,757
Minority interest in earnings:		
Operating partnership	(25,034)	(20,637)
Shopping center properties	(1,248)	(540)
	-----	-----
Income before discontinued operations	34,581	23,305
Operating income of discontinued operations	29	228
(Loss) gain on discontinued operations	(5)	2,935
	-----	-----
Net income	34,605	26,468
Preferred dividends	(4,416)	(3,692)
	-----	-----
Net income available to common shareholders	\$ 30,189	\$ 22,776
	=====	=====
Basic per share data:		
Income before discontinued operations, net of preferred dividends	\$ 1.00	\$ 0.66
Discontinued operations	-	0.11
	-----	-----
Net income available to common shareholders	\$ 1.00	\$ 0.77
	=====	=====
Weighted average common shares outstanding	30,324	29,726
Diluted per share data:		
Income before discontinued operations, net of preferred dividend	\$ 0.96	\$ 0.64
Discontinued operations	-	0.10
	-----	-----
Net income available to common shareholders	\$ 0.96	\$ 0.74
	=====	=====
Weighted average common and potential dilutive common shares outstanding	31,567	30,803

CBL Reports First Quarter Results  
Page 6  
April 27, 2004

CBL & Associates Properties, Inc.  
The Company's calculation of FFO is as follows (in thousands):

	Three Months Ended March 31,	
	2004	2003
	-----	-----
Net income available to common shareholders	\$ 30,189	\$ 22,776

Add:



## Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

Depreciation and amortization from consolidated properties	32,745	26,225
Depreciation and amortization from unconsolidated affiliates	1,196	896
Depreciation and amortization from discontinued operations	-	97
Minority interest in earnings of operating partnership	25,034	20,637
 Less:		
Gain on disposal of operating real estate assets	(19,081)	-
Minority investors' share of depreciation and amortization	(293)	(266)
(Gain) loss on disposal of discontinued operations	5	(2,935)
Depreciation and amortization of non-real estate assets	(135)	(133)
	-----	-----
 Funds from operations	 \$ 69,660	 \$ 67,297
	=====	=====
 Funds from operations applicable to Company shareholders	 \$ 38,082	 \$ 36,104
	=====	=====
 Basic per share data:		
Funds from operations	\$ 1.26	\$ 1.21
	=====	=====
 Weighted average common shares outstanding with operating partnership units fully converted	 55,471	 55,409
 Diluted per share data:		
Funds from operations	\$ 1.23	\$ 1.19
	=====	=====
 Weighted average common and potential dilutive common shares outstanding with operating partnership units fully converted	 56,713	 56,486
 SUPPLEMENTAL FFO INFORMATION:		
 Straight-line rental income	 \$ 650	 \$ 970
Straight-line rental income per share	\$ 0.01	\$ 0.02
 Gains on outparcel sales	 \$ 1,339	 \$ 1,102
Gains on outparcel sales per share	\$ 0.02	\$ 0.02
 Rental revenue recognized under SFAS Nos. 141 and 142	 \$ 638	 \$ 50
Rental revenue recognized under SFAS Nos. 141 and 142 per share	\$ 0.01	\$ -
 Amortization of debt premiums	 \$ 973	 \$ -
Amortization of debt premiums per share	\$ 0.02	\$ -
 Lease termination fees	 \$ 1,143	 \$ 399
Lease termination fees per share	\$ 0.02	\$ 0.01

CBL Reports First Quarter Results  
Page 7  
April 27, 2004

Same-Center Net Operating Income  
(Dollars in thousands)

Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

	Three Months Ended March 31,	
	2004	2003
Net income	\$ 34,605	\$ 26,468
Adjustments:		
Depreciation and amortization	32,745	26,225
Depreciation and amortization from unconsolidated affiliates	1,196	896
Depreciation and amortization from discontinued operations	-	97
Minority investors' share of depreciation and amortization in shopping center properties	(293)	(266)
Interest expense	40,445	36,956
Interest expense from unconsolidated affiliates	1,417	2,096
Minority investors' share of interest expense in shopping center properties	(415)	(414)
Abandoned projects expense	441	8
Gain on sales of real estate assets	(19,825)	(1,104)
Gain on sales of real estate assets from unconsolidated affiliates	(592)	-
Minority interest in earnings - Operating Partnership	25,034	20,637
Gain on discontinued operations	5	(2,935)
Operating Partnership share of total NOI	114,763	108,664
General and administrative expenses	8,233	6,353
Management fees and non-property level revenues	(5,383)	(1,742)
Operating Partnership's share of property NOI	117,613	113,275
NOI of non-comparable centers	(12,876)	(10,244)
Same center NOI	\$104,737	\$103,031
Malls NOI	\$ 94,734	\$ 95,479
Associated centers NOI	5,525	4,102
Community centers NOI	1,691	1,579
Other NOI	2,787	1,871
	\$104,737	\$103,031
Percentage Change:		
Malls NOI	-0.8%	
Associated centers NOI	34.7%	
Community centers NOI	7.1%	
Other NOI	49.0%	
Total same center NOI	1.7%	

CBL Reports First Quarter Results  
Page 8  
April 27, 2004

Company's Share of Consolidated and Unconsolidated Debt  
(Dollars in thousands)

Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

	March 31, 2004	
	Fixed Rate	Variable Rate
Consolidated debt	\$ 2,369,807	\$ 446,075
Minority investors' share of consolidated debt	(53,683)	-
Company's share of unconsolidated affiliates' debt	59,311	98,877
Company's share of consolidated and unconsolidated debt	\$ 2,375,435	\$ 544,952
Weighted average interest rate	6.56%	2.46%

	March 31, 2003	
	Fixed Rate	Variable Rate
Consolidated debt	\$ 1,943,722	\$ 499,760
Minority investors' share of consolidated debt	(19,992)	-
Company's share of unconsolidated affiliates' debt	38,033	28,229
Company's share of consolidated and unconsolidated debt	\$ 1,961,763	\$ 527,989
Weighted average interest rate	7.09%	3.23%

Debt-To-Total-Market Capitalization Ratio as of March 31, 2004  
(In thousands, except stock price)

	Shares Outstanding	Stock Price (1)
Common stock and operating partnership units	55,808	\$ 61.34
8.75% Series B Cumulative Redeemable Preferred Stock	2,000	\$ 50.00
7.75% Series C Cumulative Redeemable Preferred Stock	460	\$ 250.00
Total market equity		
Company's share of total debt		
Total market capitalization		
Debt-to-total-market capitalization ratio		

Reconciliation of Shares and Operating Partnership Units Outstanding  
(In thousands)

	Three Months Ended March 31,	
	Basic	Diluted
2004:		

Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

Weighted average shares - EPS	30,324	31,567
Weighted average operating partnership units	25,147	25,146
	-----	-----
Weighted average shares- FFO	55,471	56,713
	=====	=====

2003:

Weighted average shares - EPS	29,726	30,803
Weighted average operating partnership units	25,683	25,683
	-----	-----
Weighted average shares- FFO	55,409	56,486
	=====	=====

Dividend Payout Ratio

Three Months Ended  
March 31,

	2004	2003
	-----	-----
Dividend per share	\$ 0.725	\$ 0.655
FFO per diluted, fully converted share	\$ 1.23	\$ 1.19
	-----	-----
Dividend payout ratio	58.9%	55.0%
	=====	=====

CBL Reports First Quarter Results

Page 9

April 27, 2004

Consolidated Balance Sheets

(Preliminary and unaudited, in thousands)

	March 31, 2004	December 31, 2003
	-----	-----
ASSETS		
Real estate assets:		
Land	\$ 583,053	\$ 578,310
Buildings and improvements	3,890,836	3,678,074
	-----	-----
	4,473,889	4,256,384
Less: accumulated depreciation	(494,725)	(467,614)
	-----	-----
	3,979,164	3,788,770
Real estate assets held for sale	60,500	64,354
Developments in progress	51,879	59,096
	-----	-----
Net investment in real estate	4,091,543	3,912,220
Cash, restricted cash and cash equivalents	35,789	20,332
Cash in escrow	-	78,476
Receivables:		
Tenant, net of allowance	40,037	42,165
Other	11,438	3,033
Mortgage notes receivable	27,506	36,169
Investment in unconsolidated affiliates	84,895	96,450
Other assets	77,296	75,465

## Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

	-----	-----
	\$4,368,504	\$ 4,264,310
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Mortgage and other notes payable	\$ 2,813,356	\$ 2,709,348
Mortgage notes payable on real estate assets held for sale	2,526	28,754
Accounts payable and accrued liabilities	160,289	161,478
	-----	-----
Total liabilities	2,976,171	2,899,580
	-----	-----
Commitments and contingencies		
Minority interests	540,483	526,993
	-----	-----
Shareholders' equity:		
Preferred Stock, \$.01 par value	25	25
Common Stock, \$.01 par value	307	303
Additional paid-in capital	824,106	818,051
Deferred compensation	(1,511)	(1,607)
Retained earnings	28,923	20,965
	-----	-----
Total shareholders' equity	851,850	837,737
	-----	-----
	\$4,368,504	\$4,264,310
	=====	=====

The March 31, 2004 balance sheet is preliminary as of the date of this report. Please refer to the Company's Quarterly Report on Form 10-Q when filed for the final balance sheet as of March 31, 2004.

### 99.2 Analyst Conference Call Script - First Quarter Ended March 31, 2004

CBL & ASSOCIATES PROPERTIES, INC.  
Conference Call, First Quarter 2004  
April 28, 2004 @ 10:00 AM EDT

Thank you and good morning. We appreciate your participation in today's conference call to discuss our 2004 first quarter results. With me today is Stephen Lebovitz, the Company's President, and Kelly Sargent, Director of Investor Relations, who will first read our Safe Harbor disclosure.

This conference call contains "forward-looking" statements within the meaning of the federal securities laws. Such statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, financial and otherwise, may differ materially from the events and results discussed in the forward-looking statements. During our discussion today, references made to per share are based upon a fully diluted converted share. Also, references made to community centers are only those that are wholly owned by CBL & Associates Properties, Inc. We direct you to the Company's various filings with the Securities and Exchange Commission including, without limitation, the Company's Annual Report on Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included therein for a discussion of such risks and uncertainties.

I would like to note that a transcript of today's comments including the earnings release and additional supplemental schedules, will be furnished to the SEC as a Form 8-K and will be available on our website. Last night we posted the supplement schedules on our website which can be found in the investor relations

## Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

section, under financial reports. This call is also available for replay on the Internet through a link on our website at [cblproperties.com](http://cblproperties.com). This conference call is the property of CBL & Associates Properties, Inc. Any redistribution, retransmission or rebroadcast of this call without the express written consent of CBL is strictly prohibited.

During this conference call, the Company may discuss non-GAAP financial measures as defined by SEC Regulation G. A description of each non-GAAP financial measure and a reconciliation of each non-GAAP financial measure to the comparable GAAP financial measure was included in the earnings release that will be in the Form 8-K.

Thank you, Kelly.

Notwithstanding the volatility that the REIT sector has been experiencing during the last few weeks, we have good news to report as it relates to the economy and to CBL's performance. The most recent issue of Business Week's commentary states "It's beginning to look like the US economy is on a tear. Business confidence soared to a 20 year high in the first quarter, and surveys of both industrial and service-sector companies show that business activity is at unusually high levels. Perhaps most important, jobs are coming back, maybe even faster than anyone had expected. And on top of that, the latest retail sales data shows that consumers are stepping up to the cash register in droves."

The article goes on to point out that there are now concerns about inflation and that the Fed will be raising rates. While no one welcomes higher interest rates, our strategy has consistently been to fix interest rates with long term, non-recourse debt on our stabilized properties. Accordingly, the general concern of rising interest rates does not impact us in the medium term in any significant way. Over the last two years we have placed over \$800 million of fixed rate long-term debt. We have only \$190 million of loan maturities, or only 7% of our total debt, maturing over the next twenty-four months. Our debt maturity schedule reflects our strategy of minimizing interest rate risk.

Retail sales continue to improve and retailer margins are improving as well. These are indicators that retailers will continue to add new stores in regional malls.

The first call FFO mean for CBL for the first quarter was \$1.16 per share. Let us spend a few minutes and explain why we exceeded the mean by \$0.07 per share.

1. We had estimated that we would generate \$0.04 per share in 2004 from the sale of outparcels. Due to timing, in the first quarter we reported \$0.02 per share of outparcel sales, exceeding our projections by \$0.01 per share. We maintain our guidance of \$0.04 per share of outparcel sales for the full year of 2004.
2. The two regional mall acquisitions that closed during the first quarter added \$0.01 per share in the first quarter. For the year 2004, the total accretion for these two malls and the one acquired in April is \$0.18 per share, based on the date of the acquisitions. This guidance is consistent with our earnings guidance in yesterday's release and includes \$0.04 per share for SFAS 141 and 142.
3. We received \$0.02 per share of lease termination fees. As we have stated, we do not budget for lease termination fees.
4. \$0.03 per share primarily as a result of better than anticipated income in our taxable REIT subsidiary that is non-recurring.

### Financial Review

During the first quarter, operating performance improved, resulting in FFO per share growth of 3.4% or \$0.04 per share. Of this increase, 83% was represented by external growth. The external growth resulted from the new developments and acquisitions completed in 2003 and the first quarter of 2004. The internal

## Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

growth resulted primarily from the 1.7% same center NOI growth.

It is worthy of noting that on a comparable basis, excluding the community centers sold to the Galileo joint venture and other third parties, our FFO growth per share would have increased by 14%. The Galileo joint venture transaction resulted in reducing our debt to total market capitalization by 350 basis points. We are more convinced than ever that this joint venture transaction is favorable for both CBL and Galileo. We have redeployed all of the funds raised into our recently announced acquisitions and we are now even more involved in the community center business by pursuing acquisitions as well as continuing our development program.

A few additional comments on the first quarter results:

1. Specialty leasing revenues increased 23% or by \$1.8 million over the first quarter last year.
2. Sponsorship and branding income increased 55% or by \$380,000 compared to the same quarter one year ago.
3. G&A in the first quarter reflected a 30% increase, or approximately \$1.9 million compared to the first quarter last year. This increase included additional personnel, salary adjustments and bonuses of nearly \$1.3 million in connection with the new developments and acquisitions we completed. We also increased the state tax reserves by \$430,000. We estimate annual G&A in the range of \$34 million for the year.

As we stated in our earnings release, the first quarter same-center NOI growth was 1.7% for the total portfolio, driven by steady occupancy levels and specialty leasing. The breakdown for the quarter by property type is as follows:

1. Same center mall NOI decreased 0.8%, or \$745,000, primarily due to the loss of income from bankrupt tenants. Because of these bankruptcies and other mall tenants, our bad debt expense and charges against revenues increased \$4.4 million over the prior year period. Excluding these charges the same center mall NOI growth would have been 4.1%. Same center NOI for the portfolio would have been 6.2%. In addition, we also sustained the temporary loss of income while adding big boxes and fresh new retail concepts to our malls.
2. Associated centers experienced an increase of 34.8% or \$1.4 million of which \$700,000 resulted from the collection of lease termination fees.
3. NOI for community centers which we wholly own increased 7.1% or \$112,000.

Our cost recovery ratio was 94.1% for the quarter compared with 94.4% in the first quarter of 2003. We expect that our cost recovery ratio for the balance of the year will be in the mid 90% range.

Our total debt to market capitalization at the end of the first quarter was 44.5%, compared to 50.7% a year ago, continuing to give us financial flexibility. In addition, our floating rate debt accounts for 18.7% of our total debt and represents 8.3% of our total market capitalization. The variable rate debt includes construction loans, lines of credit and short-term loans on operating properties. The dividend payout ratio was 59% at quarter-end, providing us the ability to continue to utilize retained FFO for opportunities that may arise.

Our financial coverage ratios remain strong with EBITDA coverage ratio of 2.81 for the first quarter of 2004 compared to 2.85 for the same period in 2003. The slight change was a result of the increase in interest expense due to certain loans converted from floating rate to fixed rate debt.

## Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

Now, I will hand over the call to Stephen Lebovitz to discuss new developments, leasing, retail sales and acquisitions.

Thank you John and good morning.

During the first quarter of 2004 we accomplished several significant objectives for our portfolio:

1. In March, we held the Grand Opening of Coastal Grand-Myrtle Beach - which opened at 90% leased and committed, and introduced over 300,000 square feet of new retailers to the market. New retailers include Dillard's, Ann Taylor Loft, Cache, Brookstone, Dick's Sporting Goods, Abercrombie & Fitch, Hollister and many more.
2. In March, we acquired two malls for a total investment of \$202 million with an average cap rate of 7.75% on income in place.
3. In January we contributed six community centers to the Galileo joint venture generating \$63 million.
4. In April we acquired Greenbrier Mall for \$107 million that included a prepayment fee of \$4.5 million for debt that CBL did not assume. This prepayment is part of the purchase price and not a charge against FFO. Including the debt prepayment of \$4.5 million, the cap rate would have been 7.8% compared to 8% excluding the fee.
5. A fourth mall is under contract that we anticipate closing on by the end of the second quarter. Total investment on this acquisition will be approximately \$80 million.

### Developments

On Wednesday, March 17, we opened Coastal Grand-Myrtle Beach with our 50/50 joint venture partner Burroughs & Chapin. It is an outstanding shopping destination, offering both locals and tourists an exceptional place to shop, dine and have a great experience. The architecture of the mall is unique to any other property in the Myrtle Beach area featuring palm tree lined streets, creative designs and lighted fountains in the many ponds located on the property. Coastal Grand has received rave reviews from the community and the retailers and is off to a terrific start.

The enormous amount of traffic at the successful grand opening has continued. The anchors at Coastal Grand include Belk, Dillard's and Sears as well as Dick's Sporting Goods, Bed Bath & Beyond and a 14-screen Cinemark theater. This summer Gap and Gap Kids will open in the mall and are two of only eight new Gap stores opening in 2004.

As far as other new projects, in January we held the groundbreaking ceremony at Imperial Valley Mall in California, which is on schedule to open in March 2005. This 741,000-square-foot mall is a 60/40 joint venture with the MG Herring Group. Four department stores including Sears, Robinsons-May, JC Penney and Dillard's, as well as a 14-screen UltraStar Cinema, will anchor the new development. The leasing response has been very positive and we will feature this project at the upcoming ICSC Annual Convention. The mall is currently 55% leased and committed.

Also during the quarter we opened The Shoppes at Panama City, an associated center located adjacent to Panama City Mall. At Wilkes Barre Township Marketplace in Pennsylvania, we opened Wal-Mart, A.C. Moore Arts & Crafts and a number of shops and outparcels. This project is 99% leased and committed.



## Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

Other projects under construction include the 312,000-square-foot Charter Oak Marketplace in Hartford, CT, anchored by Wal-Mart and Marshall's and a 26,000-square-foot expansion at Garden City Plaza in Garden City, KS. These two development projects, plus the previously mentioned Wilkes Barre Township project, will be sold in January 2005 to Galileo.

Three mall expansions are in progress including East Towne and West Towne Malls in Madison, WI. Both projects include a new Dick's Sporting Goods as well as additional mall shop space and are scheduled to open this November. At Arbor Place Mall construction is well under way on the new 140,000-square-foot Rich's-Macy's scheduled to open this fall.

Expanding and adding anchor stores to our malls continues to be a priority for us. Dillard's at Northwoods Mall in Charleston, SC, completed their 30,000-square-foot expansion and is in the process of a store renovation to be completed later this year in conjunction with our overall renovation of the mall.

This year we will complete three mall renovations, Panama City Mall, Cherryvale Mall and Northwoods Mall, at an estimated cost of \$22.5 million. By the end of this year, we will have completed all but two of the scheduled renovations associated with the 21-mall portfolio we acquired in 2001.

### Leasing & Occupancy

We accomplished 673,000 square feet of leasing for our existing portfolio during the quarter, compared with 583,000 square feet in 2003, which excludes community centers sold to Galileo. During the quarter we entered into approximately 247,000 square feet of new leases and renewed approximately 426,000 square feet of existing tenants for small shops.

Year to date bankruptcies resulted in 64 stores closing, containing 213,000 square feet and representing \$6.5 million in annual gross rentals. The bankruptcies and store closings we have experienced this year have already exceeded all of the bankruptcy-related store closings in 2003, clearly a challenge for our industry.

At the end of the first quarter, total portfolio occupancy was 90.8% an increase of 30 basis points over last year. We anticipate occupancy to trend down in the second quarter as additional stores close as a result of the bankruptcies that occurred early in the first quarter. On the positive side, this provides us an opportunity to strengthen the tenant mix in our properties.

Occupancy for the associated centers was 88.7% at the end of the quarter. The occupancy was negatively impacted by the loss of a 36,000-square-foot Just For Feet store at the Village at Rivergate in Nashville, TN, and a 46,000-square-foot Appliance Factory Warehouse at Hamilton Corner in Chattanooga, TN. These two associated centers are under redevelopment with replacement prospects that should open in 2005.

In the mall portfolio, average annual base rents for spaces leased increased by 23.5% compared to the average base rents vacated. For associated centers and the community centers, the comparable increase was 0.5% and 18.5% respectively. As mentioned earlier, the results for the community center portfolio excludes those centers already contributed to the venture with Galileo.

### Retail Sales

We are pleased to report strong retail sales in our portfolio. For mall stores of 10,000 square feet and less, first quarter same store sales increased 7.5% for those tenants that have reported. Also during the first quarter percentage rents increased 5.8%, representing 3.9% of total revenues for the quarter.

## Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

Additionally during the quarter occupancy costs as a percentage of sales at our malls was 14.1% compared with 14.9% the same period one year ago.

### Acquisitions

We have now completed Phases I and II of the Galileo joint venture that included the sale of 47 community centers and raised \$318 million in cash proceeds. All of the cash from the Galileo transaction has now been redeployed. We are pleased with the results of this venture, and the contributed community center portfolio continues to perform well. Our expectation for future growth of this venture is one of the primary reasons we entered into this transaction. The nine remaining community centers currently held in the CBL portfolio will be sold as the opportunity to realize value occurs.

During the quarter we acquired two malls that were managed by Faison Enterprises, Volusia Mall in Daytona Beach, FL, and Honey Creek Mall in Terre Haute, IN. Both of these malls fit our middle market strategy and have strong competitive positions in each respective market.

In April we acquired Greenbrier Mall in Chesapeake, Virginia. This mall recently had a significant renovation, including Dillard's consolidating their two stores into one. Yesterday Dillard's opened their new 160,000-square-foot store. In the spring of 2005, JCPenney will open in the 105,000-square foot former Dillard's store.

Last week we acquired Fashion Square Shopping Center located in Orange Park, Florida, part of the Jacksonville MSA for \$4 million. This property is a 10.1-acre site that we plan to redevelop into a new community center.

### Conclusion

Before we open the call for Q&A, I would like to share our outlook:

1. We are focused on enhancing the strength of our existing mall portfolio. We are continuing to add a number of boxes at many of our malls including Barnes & Noble, Linens & Things, Dick's Sporting Goods, TJ Maxx and others. While this creates a short-term loss of income, it will improve NOI and occupancy levels as these stores open.
2. The strengthening economy coupled with strong sales and rental increases bodes well for our malls.
3. We are encouraged with the level of activity in our leasing program; demand by retailers continues to be strong.
4. We are maintaining our NOI same center growth expectations of 1.0-2.0% for the remainder of 2004 and anticipate greater NOI performance in our portfolio in 2005.
5. There have been a number of questions to us in recent months about whether our malls in middle markets are bearing a disproportionate share of retailer bankruptcies and are underperforming malls in larger markets. We do not feel this is the case at all, and remain confident in our middle market focused strategy. Our results for this quarter affirm this strategy. Retailer bankruptcies in 2004 have impacted malls across the country, and as in the past, we will work through them and end up with stronger properties. We are encouraged by the number of retailers who are working with us to grow their presence in our properties such as Brookstone, Coldwater Creek and Ann Taylor to mention just a few. Our hands-on, proactive strategy in operating our malls has served us well in the past and will continue to do so going forward.

## Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

We appreciate your confidence and support. John and I will now answer your questions.

Operator: Open for Q&A.

Final Comment:

Stephen:

Thank you again for joining us today.

### 99.3 Supplemental Information - First Quarter Ended March 31, 2004

CBL & Associates Properties, Inc.  
Supplement Financial and Operating Information  
For the Three Months Ended March 31, 2004

Consolidated Statements of Operations  
(Unaudited; in thousands, except per share amounts)

	Three Months Ended March 31,	
	2004	2003
<b>REVENUES:</b>		
Minimum rents	\$ 109,051	\$ 102,719
Percentage rents	6,696	6,327
Other rents	2,786	2,029
Tenant reimbursements	48,198	47,851
Management, development and leasing fees	1,795	1,319
Other	4,447	3,345
	172,973	163,590
<b>EXPENSES:</b>		
Property operating	27,746	26,197
Depreciation and amortization	32,745	26,225
Real estate taxes	13,193	13,949
Maintenance and repairs	10,285	10,527
General and administrative	8,233	6,353
Other	3,032	2,341
	95,234	85,592
Income from operations	77,739	77,998
Interest income	880	579
Interest expense	(40,445)	(36,956)
Gain on sales of real estate assets	19,825	1,104
Equity in earnings of unconsolidated affiliates	2,864	1,757
Minority interest in earnings:		
Operating partnership	(25,034)	(20,637)
Shopping center properties	(1,248)	(540)

Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

Income before discontinued operations	34,581	23,305
Operating income of discontinued operations	29	228
(Loss) gain on discontinued operations	(5)	2,935
Net income	34,605	26,468
Preferred dividends	(4,416)	(3,692)
Net income available to common shareholders	\$ 30,189	\$ 22,776
Basic per share data:		
Income before discontinued operations, net of preferred dividends	\$ 1.00	\$ 0.66
Discontinued operations	-	0.11
Net income available to common shareholders	\$ 1.00	\$ 0.77
Weighted average common shares outstanding	30,324	29,726
Diluted per share data:		
Income before discontinued operations, net of preferred dividend	\$ 0.96	\$ 0.64
Discontinued operations	-	0.10
Net income available to common shareholders	\$ 0.96	\$ 0.74
Weighted average common and potential dilutive common shares outstanding	31,567	30,803

CBL & Associates Properties, Inc.  
 Supplement Financial and Operating Information  
 For the Three Months Ended March 31, 2004

The Company's calculation of FFO is as follows (in thousands):

	Three Months Ended March 31,	
	2004	2003
Net income available to common shareholders	\$ 30,189	\$ 22,776
Add:		
Depreciation and amortization from consolidated properties	32,745	26,225
Depreciation and amortization from unconsolidated affiliates	1,196	896
Depreciation and amortization from discontinued operations	-	97
Minority interest in earnings of operating partnership	25,034	20,637
Less:		
Gain on disposal of operating real estate assets	(19,081)	-
Minority investors' share of depreciation and amortization	(293)	(266)
(Gain) loss on disposal of discontinued operations	5	(2,935)
Depreciation and amortization of non-real estate assets	(135)	(133)

Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

Funds from operations	\$ 69,660	\$ 67,297
Funds from operations applicable to Company shareholders	\$ 38,082	\$ 36,104
Basic per share data:		
Funds from operations	\$ 1.26	\$ 1.21
Weighted average common shares outstanding with operating partnership units fully converted	55,471	55,409
Diluted per share data:		
Funds from operations	\$ 1.23	\$ 1.19
Weighted average common and potential dilutive common shares outstanding with operating partnership units fully converted	56,713	56,486
SUPPLEMENTAL FFO INFORMATION:		
Straight-line rental income	\$ 650	\$ 970
Straight-line rental income per share	\$ 0.01	\$ 0.02
Gains on outparcel sales	\$ 1,339	\$ 1,102
Gains on outparcel sales per share	\$ 0.02	\$ 0.02
Rental revenue recognized under SFAS Nos. 141 and 142	\$ 638	\$ 50
Rental revenue recognized under SFAS Nos. 141 and 142 per share	\$ 0.01	\$ -
Amortization of debt premiums	\$ 973	\$ -
Amortization of debt premiums per share	\$ 0.02	\$ -
Lease termination fees	\$ 1,143	\$ 399
Lease termination fees per share	\$ 0.02	\$ 0.01

CBL & Associates Properties, Inc.  
 Supplement Financial and Operating Information  
 For the Three Months Ended March 31, 2004

Same-Center Net Operating Income  
 (Dollars in thousands)

	Three Months Ended March 31,	
	2004	2003
Net income	\$ 34,605	\$ 26,468
Adjustments:		
Depreciation and amortization	32,745	26,225
Depreciation and amortization from unconsolidated affiliates	1,196	896
Depreciation and amortization from discontinued operations	-	97

Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

Minority investors' share of depreciation and amortization in shopping center properties	(293)	(266)
Interest expense	40,445	36,956
Interest expense from unconsolidated affiliates	1,417	2,096
Minority investors' share of interest expense in shopping center properties	(415)	(414)
Abandoned projects expense	441	8
Gain on sales of real estate assets	(19,825)	(1,104)
Gain on sales of real estate assets from unconsolidated affiliates	(592)	-
Minority interest in earnings - Operating Partnership	25,034	20,637
Gain on discontinued operations	5	(2,935)
Operating Partnership share of total NOI	114,763	108,664
General and administrative expenses	8,233	6,353
Management fees and non-property level revenues	(5,383)	(1,742)
Operating Partnership's share of property NOI	117,613	113,275
NOI of non-comparable centers	(12,876)	(10,244)
	-----	-----
Same center NOI	\$104,737	\$103,031
	=====	=====
Malls NOI	\$ 94,734	\$ 95,479
Associated centers NOI	5,525	4,102
Community centers NOI	1,691	1,579
Other NOI	2,787	1,871
	-----	-----
	\$104,737	\$103,031
	=====	=====
Percentage Change:		
Malls NOI	-0.8%	
Associated centers NOI	34.7%	
Community centers NOI	7.1%	
Other NOI	49.0%	
	-----	-----
Total same center NOI	1.7%	
	=====	=====

CBL & Associates Properties, Inc.  
 Supplement Financial and Operating Information  
 For the Three Months Ended March 31, 2004

Company's Share of Consolidated and Unconsolidated Debt  
 (Dollars in thousands)

	March 31, 2004	
	-----	-----
	Fixed Rate	Variable Rate
	-----	-----
Consolidated debt	\$ 2,369,807	\$ 446,075
Minority investors' share of consolidated debt	(53,683)	-
Company's share of unconsolidated affiliates' debt	59,311	98,877
	-----	-----
Company's share of consolidated and unconsolidated debt	\$ 2,375,435	\$ 544,952
	=====	=====
Weighted average interest rate	6.56%	2.46%
	=====	=====

March 31, 2003

Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

	Fixed Rate	Variable Rate
Consolidated debt	\$ 1,943,722	\$ 499,760
Minority investors' share of consolidated debt	(19,992)	-
Company's share of unconsolidated affiliates' debt	38,033	28,229
Company's share of consolidated and unconsolidated debt	\$ 1,961,763	\$ 527,989
Weighted average interest rate	7.09%	3.23%
Debt-To-Total-Market Capitalization Ratio as of March 31, 2004 (In thousands, except stock price)	Shares Outstanding	Stock Price (1)
Common stock and operating partnership units	55,808	\$ 61.34
8.75% Series B Cumulative Redeemable Preferred Stock	2,000	\$ 50.00
7.75% Series C Cumulative Redeemable Preferred Stock	460	\$ 250.00
Total market equity		
Company's share of total debt		
Total market capitalization		
Debt-to-total-market capitalization ratio		

Reconciliation of Shares and Operating Partnership Units Outstanding  
(In thousands)

	Three Months Ended March 31,	
	Basic	Diluted
2004:		
Weighted average shares - EPS	30,324	31,567
Weighted average operating partnership units	25,147	25,146
Weighted average shares- FFO	55,471	56,713
2003:		
Weighted average shares - EPS	29,726	30,803
Weighted average operating partnership units	25,683	25,683
Weighted average shares- FFO	55,409	56,486

	Three Months Ended March 31,	
	2004	2003
Dividend Payout Ratio		
Dividend per share	\$ 0.725	\$ 0.655
FFO per diluted, fully converted share	\$ 1.23	\$ 1.19
Dividend payout ratio	58.9%	55.0%

## Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

CBL & Associates Properties, Inc.  
 Supplement Financial and Operating Information  
 For the Three Months Ended March 31, 2004

Consolidated Balance Sheets  
 (Preliminary and unaudited, in thousands)

	March 31, 2004	December 31, 2003
	-----	-----
<b>ASSETS</b>		
Real estate assets:		
Land	\$ 583,053	\$ 578,310
Buildings and improvements	3,890,836	3,678,074
	-----	-----
	4,473,889	4,256,384
Less: accumulated depreciation	(494,725)	(467,614)
	-----	-----
	3,979,164	3,788,770
Real estate assets held for sale	60,500	64,354
Developments in progress	51,879	59,096
	-----	-----
Net investment in real estate	4,091,543	3,912,220
Cash, restricted cash and cash equivalents	35,789	20,332
Cash in escrow	-	78,476
Receivables:		
Tenant, net of allowance	40,037	42,165
Other	11,438	3,033
Mortgage notes receivable	27,506	36,169
Investment in unconsolidated affiliates	84,895	96,450
Other assets	77,296	75,465
	-----	-----
	\$4,368,504	\$ 4,264,310
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Mortgage and other notes payable	\$ 2,813,356	\$ 2,709,348
Mortgage notes payable on real estate assets held for sale	2,526	28,754
Accounts payable and accrued liabilities	160,289	161,478
	-----	-----
Total liabilities	2,976,171	2,899,580
	-----	-----
Commitments and contingencies		
Minority interests	540,483	526,993
	-----	-----
Shareholders' equity:		
Preferred Stock, \$.01 par value	25	25
Common Stock, \$.01 par value	307	303
Additional paid-in capital	824,106	818,051
Deferred compensation	(1,511)	(1,607)
Retained earnings	28,923	20,965
	-----	-----
Total shareholders' equity	851,850	837,737
	-----	-----
	\$4,368,504	\$4,264,310
	=====	=====



## Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

The March 31, 2004 balance sheet is preliminary as of the date of this report. Please refer to the Company's Quarterly Report on Form 10-Q when filed for the final balance sheet as of March 31, 2004.

CBL & Associates Properties, Inc.  
Supplemental Financial and Operating Information  
For the Three Months Ended March 31, 2004

The Company presents the ratio of earnings before interest, taxes, depreciation and amortization (EBITDA) to interest expense because the Company believes that the EBITDA to interest coverage ratio, along with cash flows from operating activities, investing activities and financing activities, provides investors an additional indicator of the Company's ability to incur and service debt.

Ratio of EBITDA to Interest Expense  
(Dollars in thousands)

	Three Months Ended March 31,	
	2004	2003
<b>EBITDA:</b>		
Net Income	\$ 34,605	\$ 26,468
<b>Adjustments:</b>		
Depreciation and amortization	32,745	26,225
Depreciation and amortization from unconsolidated affiliates	1,196	896
Depreciation and amortization from discontinued operations	-	97
Minority investors' share of depreciation and amortization in shopping center properties	(293)	(266)
Interest expense	40,445	36,956
Interest expense from unconsolidated affiliates	1,417	2,096
Interest expense from discontinued operations	-	-
Minority investors' share of interest expense in shopping center properties	(415)	(414)
Income taxes	446	494
Loss on extinguishment of debt	-	-
Abandoned projects expense	441	8
Sales of Completed Centers	(19,081)	-
Minority interest in earnings - Operating Partnership	25,034	20,637
Gain on discontinued operations	5	(2,935)
	-----	
Company's share of total EBITDA	\$116,545	\$ 110,262
	=====	
<b>Interest Expense:</b>		
Interest expense	\$ 40,445	\$ 36,956
Interest expense from discontinued operations	-	-
Interest expense from unconsolidated affiliates	1,417	2,096
Minority investors' share of interest expense in shopping center properties	(415)	(414)
	-----	
Company's share of total interest expense	\$ 41,447	\$ 38,638

Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

Ratio of EBITDA to Interest Expense	2.81	2.85
-------------------------------------	------	------

Reconciliation of EBITDA to Cash Flows From Operating Activities  
(In thousands)

	Three Months Ended March 31,	
	2004	2003
Company's share of total EBITDA	\$116,545	\$ 110,262
Interest expense	(40,445)	(36,956)
Minority interest's share of interest expense	415	414
Income taxes	(446)	(494)
Amortization of deferred financing costs and non real estate depreciation	1,578	1,056
Amortization of debt premiums	932	-
Amortization of above and below market leases	(638)	(50)
Depreciation and interest expense from unconsolidated affiliates	(2,613)	(2,992)
Equity in earnings in excess of distributions from unconsolidated affiliates	(782)	(1,046)
Minority investors' share of depreciation and amortization in shopping center properties	293	266
Minority interest in earnings - shopping center properties	1,248	540
Gains on outparcel sales	(744)	(1,104)
Issuances of stock under incentive plan	999	1,129
Amortization of deferred compensation	(93)	-
Deferred compensation	119	89
Changes in assets and liabilities	(10,973)	(12,588)
Cash flows from operating activities	\$ 65,395	\$ 58,526

CBL & Associates Properties, Inc.  
Supplemental Financial and Operating Information  
For the Three Months Ended March 31, 2004

Schedule of Mortgage and Other Notes Payable as of March 31, 2004  
(Dollars in thousands)

Property	Location	Maturity Date	Interest Rate	Balance 3/31/2004	Balance Fixed	Balance Variable
Cincinnati, OH	Eastgate Mall	Feb-04	2.625%	\$ 41,125	\$ -	\$ 41,125
Brownsville, TX	Sunrise Mall	May-04	4.900%	40,000	40,000	-
Midland, MI	Midland Mall	Jun-04	2.620%	30,000	-	30,000
Lexington, KY	Fayette Mall Development	Dec-04	2.770%	8,550	-	8,550
Brookfield, IL	Brookfield Square	May-05	7.498%	71,276	71,276	-

Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

Hattiesburg, MS	Turtle Creek Mall	Mar-06	7.400%	30,914	30,914
Rockford, IL	Cherryvale Mall	Jul-06	7.375%	45,407	45,407
Lynchburg, VA	River Ridge Mall	Jan-07	9.302%	22,244	22,244
Madison, WI	East Towne Mall	Jan-07	8.010%	27,675	27,675
Madison, WI	West Towne Mall	Jan-07	8.010%	42,787	42,787
Chattanooga, TN	Hamilton Place	Mar-07	7.000%	65,001	65,001
Cincinnati, OH	Eastgate Crossing	Apr-07	6.380%	10,345	10,345
Charleston, SC	Citadel Mall	May-07	7.390%	31,562	31,562
Dalton, GA	Walnut Square	Feb-08	10.125%	462	462
Highpoint, NC	Oak Hollow Mall	Feb-08	7.310%	45,617	45,617
Uvalde, TX	Uvalde Plaza	Feb-08	10.625%	424	424
Winston-Salem NC	Hanes Mall	Jul-08	7.310%	110,868	110,868
Nashville, TN	Hickory Hollow Mall	Aug-08	6.770%	89,099	89,099
Nashville, TN	Courtyard At Hickory Hollow	Aug-08	6.770%	4,148	4,148
Nashville, TN	Rivergate Mall	Aug-08	6.770%	72,009	72,009
Nashville, TN	Village At Rivergate	Aug-08	6.770%	3,401	3,401
Lansing, MI	Meridian Mall	Oct-08	4.520%	94,952	94,952
Cary, NC	Cary Towne Center	Mar-09	6.850%	88,052	88,052
Fairview Heights, IL	St. Claire Square	Apr-09	7.000%	68,509	68,509
Daytona Beach, FL	Volusia Mall	Apr-09	6.950%	54,807	54,807
Terre Haute, IN	Honey Creek Mall	Apr-09	6.700%	33,000	33,000
Meridian, MS	Bonita Lakes Mall	Oct-09	6.820%	26,978	26,978
Meridian, MS	Bonita Lakes Crossing	Oct-09	6.820%	8,465	8,465
Spartanburg, SC	Westgate Crossing	Jul-10	8.420%	9,638	9,638
Burnsville, MN	Burnsville Center	Aug-10	8.000%	70,614	70,614
Roanoke, VA	Valley View Mall	Sep-10	5.100%	44,789	44,789
Nashville, TN	Coolsprings Galleria	Sep-10	8.290%	59,905	59,905
Beaumont, TX	Parkdale Mall	Oct-10	5.010%	56,421	56,421
Beaumont, TX	Parkdale Crossing	Oct-10	5.010%	8,909	8,909
Stroud, PA	Stroud Mall	Dec-10	8.420%	31,744	31,744
Wausau, WI	Wausau Center	Dec-10	6.700%	13,539	13,539
York, PA	York Galleria	Dec-10	8.340%	50,765	50,765
Lexington, KY	Fayette Mall	Jul-11	7.000%	95,183	95,183
Chattanooga, TN	Hamilton Corner	Aug-11	10.125%	2,447	2,447
Asheville, NC	Asheville Mall	Sep-11	6.980%	69,334	69,334
Portland, ME	BJ'S Plaza	Dec-11	10.400%	2,526	2,526
Ft. Smith, AR	Massard Crossing	Feb-12	7.540%	5,893	5,893
Houston, TX	Willowbrook Plaza	Feb-12	7.540%	30,151	30,151
Vicksburg, MS	Pemberton Plaza	Feb-12	7.540%	2,013	2,013
Fayetteville, NC	Cross Creek Mall	Apr-12	7.400%	63,912	63,912
Colonial Heights, VA	Southpark Mall	May-12	7.000%	37,874	37,874
Asheboro, NC	Randolph Mall	Jul-12	6.500%	15,258	15,258
Douglasville, GA	Arbor Place Mall	Jul-12	6.510%	79,211	79,211
Douglasville, GA	The Landing At Arbor Place	Jul-12	6.510%	8,942	8,942
Jackson, TN	Old Hickory Mall	Jul-12	6.510%	34,989	34,989
Louisville, KY	Jefferson Mall	Jul-12	6.510%	44,125	44,125
N. Charleston SC	Northwoods Mall	Jul-12	6.510%	63,174	63,174
Racine, WI	Regency Mall	Jul-12	6.510%	34,600	34,600
Saginaw, MI	Fashion Square	Jul-12	6.510%	60,647	60,647
Spartanburg, SC	Westgate Mall	Jul-12	6.500%	54,814	54,814
Chattanooga, TN	CBL Center	Aug-12	6.250%	14,717	14,717
Panama City, FL	Panama City Mall	Aug-12	7.300%	40,041	40,041
Greensburg, PA	Westmoreland Mall	Jan-13	5.050%	83,260	83,260
Morristown, TN	College Square	Sep-13	6.750%	12,074	12,074
Columbia, SC	Columbia Mall	Oct-13	5.450%	33,678	33,678
Janesville, WI	Janesville Mall	Apr-16	8.375%	14,088	14,088
				-----	-----
				2,416,952	2,337,277
				-----	-----
Debt Premiums					
Lynchburg, VA	River Ridge Mall	Jan-07	4.000%	2,320	2,320
Daytona Beach, FL	Volusia Mall	Apr-09	4.750%	4,614	4,614
				-----	-----
					79,677

Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

Terre Haute, IN	Honey Creek Mall	Apr-09	4.750%	3,145	3,145	
Roanoke, VA	Valley View Mall	Sep-10	5.100%	8,341	8,341	
Fayetteville, NC	Cross Creek Mall	Apr-12	5.000%	9,690	9,690	
Colonial Heights, VA	Southpark Mall	May-12	5.100%	4,420	4,420	
				-----	-----	-----
				32,530	32,530	
				-----	-----	-----
SUBTOTAL				2,449,482	2,369,807	79,675
				-----	-----	-----
Weighted average interest rate				6.44%	6.57%	2.6%
CONSTRUCTION LOANS				-	-	-
				-----	-----	-----
LINES OF CREDIT				366,400	-	366,400
				-----	-----	-----
Weighted average interest rate				2.29%		
TOTAL BALANCE SHEET				\$2,815,882	\$2,369,807	\$ 446,075
Weighted average interest rate				5.90%	6.57%	2.35%
Plus CBL Share Of Unconsolidated Affiliates						
Huntsville, AL	Parkway Place	Dec-04	2.620%	29,052	-	29,052
Myrtle Beach, SC	Coastal Grand	May-06	2.938%	64,907	-	64,907
El Centro, CA	Imperial Valley Mall	Dec-06	2.780%	418	-	418
Paducah, KY	Kentucky Oaks	Jun-07	9.000%	15,943	15,943	
Del Rio, TX	Plaza Del Sol	Aug-10	9.150%	1,948	1,948	
Clarksville, TN	Governor's Square	Sep-16	8.230%	15,422	15,422	
Galileo America LLC	Portfolio of 45 community	various	5.074%	30,498	25,998	4,500
				-----	-----	-----
				158,188	59,311	98,877
				-----	-----	-----
Less Minority Interest Share	Minority Interest					
Chattanooga, TN	CBL Center	8.0000%	6.2500%	(1,177)	(1,177)	
Chattanooga, TN	Hamilton Corner	10.0000%	10.1250%	(245)	(245)	
Chattanooga, TN	Hamilton Place	10.0000%	7.0000%	(6,500)	(6,500)	
Ft. Smith AR	Massard Crossing	10.0000%	7.5400%	(5,303)	(5,303)	
Highpoint, NC	Oak Hollow Mall	25.0000%	7.3100%	(11,404)	(11,404)	
Houston, TX	Willowbrook Plaza	25.0000%	7.5400%	(27,136)	(27,136)	
Uvalde, TX	Uvalde Plaza	25.0000%	10.6250%	(106)	(106)	
Vicksburg, MS	Pemberton Plaza	25.0000%	7.5400%	(1,812)	(1,812)	
				-----	-----	-----
				(53,683)	(53,683)	
				-----	-----	-----
TOTAL OBLIGATIONS				\$2,920,387	\$2,375,435	\$544,952
				=====	=====	=====
Weighted average interest rate				5.80%	6.56%	2.4%
Total Debt of Unconsolidated Affiliates						
Huntsville, AL	Parkway Place	Dec-04	2.620%	\$ 58,105	\$ -	\$ 58,105
Myrtle Beach, SC	Coastal Grand	May-06	2.938%	64,907	-	64,907
El Centro, CA	Imperial Valley Mall	Dec-06	2.840%	418	-	418
Paducah, KY	Kentucky Oaks	Jun-07	9.000%	31,886	31,886	
Del Rio, TX	Plaza Del Sol	Aug-10	9.150%	3,850	3,850	
Clarksville, TN	Governor's Square	Sep-16	8.230%	32,467	32,467	
Galileo America LLC	Portfolio of 45 community	various	5.074%	304,984	259,984	45,000
				-----	-----	-----
				\$ 496,617	\$ 328,187	\$ 168,430
				=====	=====	=====

## Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

CBL & Associates Properties, Inc.  
Supplemental Financial and Operating Information  
For the Three Months Ended March 31, 2004

Comparable New and Renewal Leasing Activity for  
The Three Months Ended March 31, 2004

Property Type	Square Feet	Prior PSF Base Rent	New PSF Base Rent - Initial	% Change Initial	New PSF Base Rent - Average
Stabilized malls	632,206	\$ 24.91	\$ 25.24	1.3%	\$ 25.6
Associated centers	6,480	15.13	15.00	-0.9%	15.0
Community centers	4,560	9.29	10.14	9.1%	10.1

Comparable Stabilized Mall Leasing Activity for  
The Three Months Ended March 31, 2004

Stabilized Malls	Square Feet	Prior PSF Base Rent	New PSF Base Rent - Initial	% Change Initial	New PSF Base Rent - Average
New leases	209,805	\$ 25.23	\$ 29.42	16.6%	\$ 30.3
Renewal leases	422,401	24.76	23.15	-6.5%	23.3

Total Leasing Activity Compared to Tenants Vacating for  
The Three Months Ended March 31, 2004

Property Type	Leased Sq. Ft.	Leased Average Base Rent PSF	Vacated Sq. Ft.	Vacated Average Base Rent PSF	% Change Average
Malls	660,135	\$ 26.56	527,443	\$ 21.50	23.53
Associated centers	7,924	15.37	12,826	15.29	0.52
Community centers	4,560	10.14	6,750	8.56	18.46

Average Annual Base Rents Per Square Foot By Property Type

	March 31,		
	2004	2003	% Change
Stabilized malls	\$ 25.03	\$ 23.70	5.6%

## Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

Non-stabilized malls	27.37	26.48	3.4%
Associated centers	10.05	10.01	0.4%
Community centers	7.85	10.14	-22.6%

CBL & Associates Properties, Inc.  
 Supplemental Financial and Operating Information  
 For the Three Months Ended March 31, 2004

Capital Expenditures for The Three Months Ended March 31, 2004  
 (In thousands)

Tenant allowances		\$ 6,162	
		-----	
Renovations		2,720	
		-----	
Deferred maintenance:			
Parking lot and parking lot lighting		-	
Roof repairs and replacements		188	
Other capital expenditures		3,173	
		-----	
Total deferred maintenance expenditures		3,361	
		-----	
Total capital expenditures		\$ 12,243	
		=====	

The capital expenditures incurred for maintenance such as parking lot repairs, parking lot lighting and roofs are classified as deferred maintenance expenditures. These expenditures are billed to tenants as common area maintenance expense and the majority is recovered over a five to fifteen year period. Renovation capital expenditures are for remodelings and upgrades for enhancing our competitive position in the market area. A portion of these expenditures covering items such as new floor coverings, painting, lighting and new seating areas are also recovered through tenant billings. The costs of other items such as new entrances, new ceilings and skylights are not recovered from tenants. We estimate that 30% of our renovation expenditures are recoverable from our tenants over a ten to fifteen year period. The third category of capital expenditures is tenant allowances, sometimes made to third-generation tenants. Tenant allowances are recovered through minimum rents from the tenants over the term of the lease.

Deferred Leasing Costs Capitalized (In thousands)	Three Months Ended March 31,	
	-----	-----
	2004	2003
	-----	-----
	\$ 492	\$ 494

CBL & Associates Properties, Inc.  
 Supplemental Financial and Operating Information  
 For the Three Months Ended March 31, 2004

Properties Under Development at March 31, 2004

Edgar Filing: CBL & ASSOCIATES PROPERTIES INC - Form 8-K

(Dollars in millions)

Property	Location	Gross Leasable Area	CBL's Cost or Share of Cost	Cost Spent To Date
New Mall Developments:				
Imperial Valley Mall (60/40 joint venture)	El Centro, CA	741,000	\$ 44.2	\$ 10.1
Mall Expansions:				
Arbor Place Rich's-Macy's	Douglasville, GA	140,000	10.0	3.8
East Towne Mall	Madison, WI	139,000	20.5	9.5
West Towne Mall	Madison, WI	94,000	16.2	5.3
Community Centers:				
Charter Oak Marketplace	Hartford, CT	312,000	13.3	3.0
		----- 1,426,000 =====	----- \$ 104.2 =====	----- \$ 31.7 =====