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CBL & ASSOCIATES PROPERTIES INC
Form 10-K/A
March 23, 2004

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A AMENDMENT No. 1

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

For the fiscal year ended December 31, 2003

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 Number 1-12494

CBL & ASSOCIATES PROPERTIES, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction of
incorporate or organization)

62-1545718
(I.R.S. Employer Identification No.)

2030 Hamilton Place Blvd, Suite 500
Chattanooga, TN
(Address of principal executive office)

37421
(Zip Code)

Registrant's telephone number, including area code:(423) 855-0001

Securities registered pursuant to Section 12(b) of the Act:
Name of each exchange on which registered

Title of each Class	Name of each exchange on which registered
Common Stock, \$0.01 par value	New York Stock Exchange
8.75% Series B Cumulative Redeemable Preferred Stock, \$0.01 par value	New York Stock Exchange
7.75% Series C Cumulative Redeemable Preferred Stock, \$0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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 periods that the registrant was required to file such report(s)) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the

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best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K/A or any amendment to this Form 10-K/A.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes No

The aggregate market value of the 27,871,087 shares of voting stock held by non-affiliates of the registrant was \$1,198,456,741 based on the closing price (\$43.00 per share) on the New York Stock Exchange for such stock on the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2003).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for the annual shareholders meeting to be held on May 10, 2004, are incorporated by reference into Part III.

EXPLANATORY NOTE

This Amendment No. 1 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2003 is being filed for the sole purposes of (1) revising the presentation and providing additional detail to the last page of Schedule III to the financial statements on pages 94 and 95 so that the totals can be more easily reconciled to the totals per the consolidated balance sheet, (2) correcting a typographical error in footnote (A) of Schedule III on page 95 to change the word "owned" to "opened", (3) correcting the number of expiring leases for certain years in the Mall Lease Expirations table on page 16 - changed from 234 to 671 for 2005; changed from 172 to 719 for 2006; changed from 151 to 608 for 2007 and changed from 211 to 362 for 2010. All other information in the Mall Lease Expirations table on page 16 remains unchanged. 4)correcting a typographical error on page 36 to change the 2003 weighted average interest rate for construction loans from 0.00% to 2.94% and (5) correcting the maturity dates for the line item Other in Schedule IV to the financial statements on page 97 by changing Feb-01-Sep-03 to Jan-04-Jan-19. All other information in the original filing of Form 10-K remains unchanged.

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CAUTIONARY STATEMENT RELEVANT TO FORWARD-LOOKING INFORMATION FOR THE PURPOSE OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Certain statements made in this section or elsewhere in this report may be deemed "forward looking statements" within the meaning of the federal securities laws. Although the Company believes the expectations reflected in any forward-looking statements are based on reasonable assumptions, the Company can give no assurance that these expectations will be attained, and it is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties. Such risks and uncertainties include, without limitation, general industry, economic and business conditions, interest rate fluctuations, costs of capital and capital requirements, availability of real estate properties, inability to consummate acquisition opportunities, competition from other companies and retail formats, changes in retail rental rates in the Company's markets, shifts in customer demands, tenant bankruptcies or store closings, changes in vacancy rates at the Company's properties, changes in operating expenses, changes in applicable laws, rules and regulations, the ability to obtain suitable equity and/or debt financing and the continued availability of financing in the amounts and on the terms necessary to support the Company's future business. The Company disclaims any obligation to update or revise any forward-looking statements to reflect actual results or changes in the factors affecting the forward-looking information.

Part I.

ITEM 1. BUSINESS

Background

CBL & Associates Properties, Inc. (the "Company") was organized on July 13, 1993, as a Delaware corporation, to acquire substantially all of the real estate properties owned by CBL & Associates, Inc., and its affiliates ("CBL's Predecessor"), which was formed by Charles B. Lebovitz in 1978. On November 3, 1993, the Company completed an initial public offering (the "Offering") of

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15,400,000 shares of its common stock (the "Common Stock"). Simultaneous with the completion of the Offering, CBL's Predecessor transferred substantially all of its interests in its real estate properties to CBL & Associates Limited Partnership (the "Operating Partnership") in exchange for common units of limited partnership interest in the Operating Partnership. CBL's Predecessor also acquired an additional interest in the Operating Partnership for a cash payment. The interests in the Operating Partnership contain certain conversion rights that are more fully described in Note 9 to the consolidated financial statements.

RECENT DEVELOPMENTS

On April 30, 2003, the Company acquired Sunrise Mall and its associated center, Sunrise Commons, which are located in Brownsville, TX. The total purchase price of \$80.7 million consisted of \$40.7 million in cash and the assumption of \$40.0 million of variable-rate debt.

On August 22, 2003, the Company issued 4,600,000 depository shares in a public offering, each representing one-tenth of a share of 7.75% Series C cumulative redeemable preferred stock with a par value of \$0.01 per share. The Series C preferred stock has a liquidation preference of \$250.00 per share (\$25.00 per depository share). The net proceeds were used to partially fund the purchase of the four malls discussed below and for general corporate purposes.

On September 15, 2003, the Company repurchased 460,083 common units in the Operating Partnership from a former executive of the Company who retired in 1997 for \$21.0 million.

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The Company acquired Cross Creek Mall, River Ridge Mall, Valley View Mall and Southpark Mall for a total purchase price of \$340 million, which consisted of cash of \$170 million and the assumption of \$170 million of fixed-rate debt. These malls were acquired from a common owner and closed as follows: Cross Creek Mall, located in Fayetteville, NC, on September 10, 2003; River Ridge Mall, located in Lynchburg, VA, and Valley View Mall, in Roanoke, VA, on October 1, 2003; and Southpark Mall, located in Colonial Heights, VA, on December 15, 2003.

On September 24, 2003, the Company formed Galileo America LLC ("Galileo America"), a joint venture with Galileo America REIT, the U.S. affiliate of Australia-based Galileo America Shopping Trust, to invest in power and community centers throughout the United States. The Company has sold, or will sell, in three phases, its interests in 51 power and community centers for a total price of \$516.0 million plus a 10% interest in Galileo America.

On October 23, 2003, the parties completed the first phase of the transaction when the Company sold its interests in 41 community centers to Galileo America for \$393.9 million, which consisted of \$250.7 million in cash, the retirement of \$24.9 million of debt on one of the community centers, a note receivable of \$4.8 million, Galileo America's assumption of \$93.0 million in debt and \$20.5 million representing the Company's 10% interest in Galileo America. The Company used the net proceeds to deposit cash in escrow to be used in like-kind exchanges and to reduce outstanding borrowings under the Company's credit facilities. The note receivable was paid subsequent to December 31, 2003.

The second phase of the transaction closed in January 2004 when the Company sold its interests in six community centers to Galileo America for \$92.4 million, which consisted of \$62.7 million in cash, the retirement of \$25.9 million of debt on one of the community centers, the joint venture's assumption of \$2.8 million of debt and closing costs of \$1.0 million. The third phase is

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scheduled to close in January 2005 and will include five community centers. The total purchase price for these community centers will be \$86.8 million.

Pursuant to a long-term agreement, the Company will be the exclusive manager for all of the joint venture's properties in the United States, and will be entitled to management, leasing, acquisition, disposition, asset management and financing fees.

On November 28, 2003, the Company redeemed the remaining 2,675,000 outstanding shares of its 9.0% Series A cumulative redeemable preferred stock at its liquidation preference of \$25.00 per share plus accrued and unpaid dividends.

On December 30, 2003, the Company acquired 100% of the interests of Harford Mall Business Trust, a Maryland business trust that owns Harford Mall in Bel Air, MD, and its associated center, Harford Annex, for \$71.0 million in cash.

THE COMPANY'S BUSINESS

The Company is a self-managed, self-administered, fully integrated real estate investment trust ("REIT") that is engaged in the development, acquisition, and operation of regional shopping malls and community centers. The Company has elected to be taxed as a REIT for federal income tax purposes. As one of the five largest mall REITs in the United States, the Company owns interests in properties primarily in middle market communities in the Southeast and Midwest, as well as in select markets in other regions of the United States.

The Company conducts substantially all of its business through the Operating Partnership. The Company is the 100% owner of two qualified REIT subsidiaries, CBL Holdings I, Inc. and CBL Holdings II, Inc. CBL Holdings I, Inc. is the sole general partner of the Operating Partnership. At December 31,

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2003, CBL Holdings I, Inc. owned a 1.7% general partnership interest and CBL Holdings II, Inc. owned a 52.9% limited partnership interest in the Operating Partnership, for a combined interest held by the Company of 54.6%.

As of December 31, 2003, the Company owned:

- |X| interests in a portfolio of operating properties including 60 enclosed regional malls (the "Malls"), 23 associated centers (the "Associated Centers"), 59 community centers (the "Community Centers") and the Company's corporate office building (the "Office Building");
- |X| interests in two regional malls, one associated center and three community centers that are currently under construction (the "Construction Properties"), as well as options to acquire certain shopping center development sites; and
- |X| mortgages (the "Mortgages") on 12 properties that are secured by first mortgages or wrap-around mortgages on the underlying real estate and related improvements.

The Malls, Associated Centers, Community Centers, Construction Properties, Mortgages and Office Building are collectively referred to as the "Properties" and individually as a "Property."

The Operating Partnership conducts the Company's property management and

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development activities through CBL & Associates Management, Inc. (the "Management Company"). The Operating Partnership holds 100% of the preferred stock and owns 6% of the common stock of the Management Company. CBL's Predecessor holds the remaining 94% of the Management Company's common stock. Through its ownership of the preferred stock, the Operating Partnership receives substantially all of the cash flow and enjoys substantially all of the economic benefits of the Management Company's operations.

The Management Company manages all of the Properties except for Governor's Square and Governor's Plaza in Clarksville, TN and Kentucky Oaks Mall, in Paducah, KY. A property manager affiliated with the third party managing general partner performs the property management services for these Properties and receives a fee for its services. The managing partner of each of these Properties controls the cash flow distributions, although the Company's approval is required for certain major decisions.

The Properties derive most of their income from rents received through operating leases with retail tenants. These operating leases require tenants to pay minimum rent, which is often subject to scheduled increases throughout the term of the lease. Certain tenants are required to pay percentage rent if their sales volumes exceed thresholds specified in their lease agreements. Additionally, tenant leases generally provide that the Company will be reimbursed for common area maintenance, real estate taxes, insurance and other operating expenses incurred in the operation of the Properties.

The following terms used in this annual report on Form 10-K/A will have the meanings described below:

- |X| GLA - refers to gross leasable area of retail space in square feet, including anchors and mall tenants
- |X| Anchor - refers to a department store or other large retail store
- |X| Freestanding - property locations that are not attached to the primary complex of buildings that comprise the mall shopping center
- |X| Outparcel - land used for freestanding developments, such as retail stores, banks and restaurants, on the periphery of the Properties

ENVIRONMENTAL MATTERS

Federal, state and local laws and regulations relating to the protection of the environment may require a current or previous owner or operator of real property to investigate and clean up hazardous or toxic substances or petroleum product releases at the property, without the current owner or operator having knowledge of the presence of the contaminants. If unidentified environmental problems arise at one of the Properties, substantial payments may be required to a governmental entity or third parties for property damage and for investigation and clean-up costs. Even if more than one person may have been responsible for the contamination, the Company may be held responsible for all of the clean-up costs incurred. The liability under environmental laws could adversely affect the Company's cash flow and ability to service its debt.

All of the Properties have been subject to Phase I environmental assessments, which are intended to discover information regarding, and to evaluate the environmental condition of, the surveyed property and surrounding

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properties. The Phase I assessments included a historical review, a public records review, a preliminary physical investigation of the site and surrounding properties regarding historic uses for the preparation and issuance of written reports by independent environmental consultants. Some of the Properties contain, or contained, underground storage tanks for storing petroleum products or wastes typically associated with automobile service or other operations, as well as dry-cleaning establishments utilizing solvents. If necessary, the Company will sample building materials or conduct subsurface investigations. At certain Properties, the Company has developed and implemented operations and maintenance programs with operating procedures regarding asbestos-containing materials. Historically, costs associated with these programs have not been material.

The Phase I assessments have not revealed any environmental liabilities that the Company believes will have a material effect on its business, assets or results of operations, nor is the Company aware of any such liability. It is possible that the assessments do not reveal all environmental liabilities or that there are material liabilities of which the Company is unaware. No assurances can be given that (i) future laws, ordinances or regulations will not impose any material environmental liability or (ii) the current environmental condition of the Properties will not be adversely affected by the tenants and occupants of the Properties, or by the condition of other properties in the vicinity of the Properties or by third parties unrelated to the Company. The Company has obtained environmental insurance on all the Properties acquired from Jacobs and selected others.

GEOGRAPHIC CONCENTRATION

The Company owns interests in 31 Malls, 16 Associated Centers, 24 Community Centers and one Office Building that are located in the southeastern United States. These Properties accounted for 57.5% of the Company's total revenues for the year ended December 31, 2003. Therefore, the Company's results of operations and funds available for distribution to shareholders are significantly impacted by economic conditions in the southeastern United States.

The Company owns 15 Malls, 2 Associated Centers and 5 Community Centers that are located in the Midwestern United States. These Properties accounted for 25.8% of the Company's revenues for the year ended December 31, 2003. The Company will continue to look for opportunities to geographically diversify its portfolio in order to minimize dependency on any geographical region; however, the expansion of the portfolio through both acquisitions and developments are contingent on many factors including consumer demands, competition and economic conditions.

SIGNIFICANT PROPERTIES

Revenues at Hanes Mall, Burnsville Center, Coolsprings Galleria and Meridian Mall accounted for 3.81%, 2.75%, 2.72% and 2.66%, respectively, of the Company's total revenues for the year ended December 31, 2003. The Company's financial position and results of operations will be somewhat affected by the results experienced at these Properties.

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SIGNIFICANT MARKETS

The top five markets, in terms of revenues, where the Company's Properties are located were as follows for the year ended December 31, 2003:

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Market	Percentage Total of Revenues
Nashville, TN	7.63%
Chattanooga, TN	3.83%
Winston-Salem, NC	3.81%
Madison, WI	3.66%
Charleston, SC	3.11%

Top 25 Tenants

The top 25 tenants based on percentage of the Company's total revenues were as follows for the year ended December 31, 2003:

	Tenant	Number of Stores	Square Feet	Annual Gross Rentals (1)
1	Limited Brands, Inc.	184	1,158,135	\$ 35,509,85
2	The Gap Inc.	82	816,234	17,913,68
3	Foot Locker, Inc.	132	485,773	17,865,94
4	JC Penney Co. Inc. (1)	57	6,082,620	10,450,73
5	Abercrombie & Fitch, Co.	41	298,665	10,122,42
6	Signet Group plc	80	120,629	10,109,57
7	American Eagle Outfitters, Inc.	52	263,321	9,828,97
8	Zale Corporation	105	101,402	8,554,02
9	Charming Shoppes, Inc.	49	287,671	8,004,30
10	The Regis Corporation	149	172,881	7,833,18
11	The Finish Line, Inc.	44	231,983	7,693,80
12	Trans World Entertainment	45	226,101	7,588,87
13	Luxottica Group, S.P.A.	87	182,998	7,462,16
14	Lerner New York, Inc.	30	254,046	7,087,62
15	Borders Group Inc.	44	256,875	6,990,90
16	Hallmark Cards, Inc.	59	207,446	6,850,09
17	The Shoe Show of Rocky Mountain, Inc	45	242,417	6,848,70
18	Sun Capital Partners, Inc. (2)	56	209,307	6,737,45
19	Sears, Roebuck and Co.(3)	62	7,097,572	6,049,55
20	Bain Capital, Inc. (KB Toys) (4)	53	207,317	5,756,25
21	Pacific Sunwear of California	50	167,130	5,692,42
22	Barnes & Noble Inc.	42	263,369	5,643,54
23	The Buckle, Inc.	34	165,308	5,480,27
24	Genesco Inc.	68	107,678	5,374,63
25	Claire's Stores, Inc.	94	101,909	5,373,05
		1,744	19,708,787	\$232,822,11

THE COMPANY'S GROWTH STRATEGY

The Company's objective is to achieve growth in funds from operation by maximizing cash flows through a variety of methods that are discussed below. s

Leasing, Management and Marketing

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The Company's objective is to maximize cash flows from its existing Properties through:

- |X| aggressive leasing that seeks crease occupancy,
- |X| originating and renewing leas higher base rents per square to in foot,
- |X| merchandising, marketing and es at ional activities and
- |X| aggressively controlling oper costs and tenant occupancy promot costs.
ating Expansions and Renovations

Expansion of a Property through the addition of department stores, mall stores and large format retailers can create additional revenu for the Company as well as protect the Property's competitive position within its market. The Company did not e complete any expansions during 2003 an has scheduled the following to be completed during 2004:

Property	Location	GLA	Open
Arbor Place Mall (Rich's-Macy's)	Douglasville, GA	140,000	Novem
East Towne Mall	Madison, WI	139,000	Novem
West Towne Mall	Madison, WI	94,000	Novem
Garden City Plaza Expansion	Garden City, KS	26,500	Mar
Coastal Way	Spring Hill, FL	20,500	Septe
		----- 420,000 =====	

Renovations usually include renovating existing facades, uniform signage, new entrances and floor coverings, updating interior decor, resurfacing parking lots and improving the lighting of interiors and parking lots. Renovations can result in attracting new retailers, increased rental rates and occupancy levels and in maintaining the Property's market dominance. As shown below, the Company renovated six Properties during 2003 and will renovate three Properties during 2004.

Property	Location

Completed in 2003:	

St. Clair Square	Fairview Heights, IL
Parkdale Mall	Beaumont, TX
Eastgate Mall	Cincinnati, OH
Jefferson Mall	Louisville, KY
East Towne Mall	Madison, WI
West Towne Mall	Madison, WI
Scheduled for 2004:	

Northwoods Mall	North Charleston, SC
Cherryvale Mall	Rockford, IL

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Panama City Mall

Panama City, FL

Development of New Retail Properties

In general, the Company seeks development opportunities in middle-market trade areas that it believes are under-served by existing retail operations.

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These middle-markets must also have sufficient demographic trends to provide the opportunity to effectively maintain a competitive position. The following shows the new developments opened during 2003 and those currently under construction:

Property	Location	GLA	Opening

Opened in 2003:			

The Shoppes at Hamilton Place	Chattanooga, TN	110,000	May 2003
Cobblestone Village	St. Augustine, FL	265,000	May 2003
Waterford Commons	Waterford, CT	348,000	September 2003

		723,000	
		=====	
Currently under construction:			

The Shoppes at Panama City	Panama City, FL	56,000	February 2004
Coastal Grand (50/50 joint venture)	Myrtle Beach, SC	908,000	March 2004
Wilkes-Barre Township Marketplace	Wilkes-Barre Township, PA	281,000	March 2004
Charter Oak Marketplace	Hartford, CT	312,000	November 2004
Imperial Valley Mall (60/40 joint venture)	El Centro, CA	741,000	May 2005

		2,298,000	
		=====	

The Company's total investment in the Properties that were opened in 2003 was \$84.3 million. Cobblestone Village and Waterford Commons were sold to Galileo America in October 2003 and January 2004, respectively. The developments that are currently under construction will represent an investment by the Company of approximately \$137.3 million.

Acquisitions

The Company believes there is opportunity for growth through acquisitions of regional malls and other associated properties. The Company selectively acquires regional mall properties where it believes it can increase the value of the property through its development, leasing and management expertise. The Company acquired the following Properties during 2003:

Property	Location	GLA	Date Acqu

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Sunrise Mall and Sunrise Commons	Brownsville, TX	965,500	April 2003
Cross Creek Mall	Fayetteville, NC	1,054,000	September 2003
River Ridge Mall	Lynchburg, VA	784,800	October 2003
Valley View Mall	Roanoke, VA	787,300	October 2003
Southpark Mall	Colonial Heights, VA	626,800	December 2003
Harford Mall and Harford Annex	Bel Air, MD	608,000	December 2003
		----- 4,826,400 =====	

RISKS ASSOCIATED WITH THE COMPANY'S GROWTH STRATEGY

As with any strategy there are risks involved with the Company's plan for growth. Risks associated with developments and expansions can include, but are not limited to: development opportunities pursued may be abandoned; construction costs may exceed estimates; construction loans with full recourse to the Company may not be refinanced; proforma objectives, such as occupancy and rental rates, may not be achieved; and the required approval by an anchor tenant, mortgage lender or property partner for certain expansion/development activities may not be obtained. An unsuccessful development project could result in a loss greater than the Company's investment.

INSURANCE

The Operating Partnership carries a comprehensive blanket policy for liability, fire and rental loss insurance covering all of the Properties, with

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specifications and insured limits customarily carried for similar properties. The Company believes the Properties are adequately insured in accordance with industry standards.

COMPETITION

The Properties compete with various shopping alternatives attracting retailers to competing locations. Competition for both the consumer and retailer includes open-air life-style centers, power center developments, outlet shopping centers, discount retailers, internet venues, television shopping networks, direct mail and other retail shopping developments. The extent of the retail competition varies from market to market. The Company works aggressively to attract customers through marketing promotions and campaigns.

QUALIFICATION AS A REAL ESTATE INVESTMENT TRUST ("REIT")

The Company intends to continue to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code, as amended (the "Code"). The Company generally will not be subject to federal income tax to the extent it distributes at least 90% of its REIT ordinary taxable income to its shareholders. Failing to qualify as a REIT in any taxable year would result in the Company being subject to federal income tax on its taxable income at regular corporate rates.

FINANCIAL INFORMATION ABOUT SEGMENTS

See Note 12 to the consolidated financial statements for information about the Company's reportable segments.

EMPLOYEES

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The Company does not have any employees other than its statutory officers. The Management Company currently employs 678 full-time and 407 part-time employees. None of the Company's or Management Company's employees are represented by a union.

CORPORATE OFFICES

The principal executive offices are located at CBL Center, 2030 Hamilton Place Boulevard, Suite 500, Chattanooga, Tennessee, 37421 and the telephone number is (423) 855-0001.

AVAILABLE INFORMATION

Additional information about the Company can be found on the Company's web site at www.cblproperties.com. Electronic copies of the Company's Annual Report on Form 10-K/A, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as any amendments to those reports, are available free of charge by visiting the "investor relations" section of the web site. These reports are posted as soon as reasonably practical after they are electronically filed with, or furnished to, the Securities and Exchange Commission. The information on the web site is not, and should not, be considered to be a part of this Form 10-K/A.

ITEM 2. PROPERTIES

Refer to Item 7: Management's Discussion and Analysis for additional information pertaining to the Properties' performance.

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MALLS

The Company owns a controlling interest in 56 Malls and non-controlling interests in four Malls. The Company also owns non-controlling interests in two Malls that are currently under construction. The Malls are primarily located in middle markets and have strong competitive positions because they are the only, or dominant, regional mall in their respective trade areas.

The Malls are generally anchored by two or more department stores and a wide variety of mall stores. Anchor tenants own or lease their stores and non-anchor stores (20,000 square feet or less) lease their locations. Additional freestanding stores and restaurants that either own or lease their stores are typically located along the perimeter of the Malls' parking areas.

The Company classifies its Malls into two categories - Malls that have completed their initial lease-up ("Stabilized Malls") and Malls that are in their initial lease-up phase ("Non-Stabilized Malls"). The Non-Stabilized Mall category currently includes The Lakes Mall in Muskegon, MI, which opened in August 2001, and Parkway Place in Huntsville, AL, which opened in October 2002.

The land underlying each Mall is owned in fee simple interest, except for Walnut Square, WestGate Mall, St. Clair Square, Bonita Lakes Mall, Meridian Mall, Stroud Mall, Wausau Center and Eastgate Mall. Each of these Malls is subject to long-term ground leases for all or a portion of the land.

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The following table sets forth certain information for each of the Malls as of December 31, 2003.

Mall/Location	Year of Opening/ Acquisition	Year of Most Recent Expansion	Company's Ownership	Total GLA(1)	Total Mall Store GLA(2)	Mall Store Sales per Square Foot (3)
Non-Stabilized Malls:						
The Lakes Muskegon, MI	2001	N/A	90%	548,487	217,247	249
Parkway Place Mall Huntsville, AL	2002	N/A	45%	630,825	279,984	219
Total Non-Stabilized Malls				1,179,312	497,231	\$233
Stabilized Malls:						
Arbor Place Atlanta (Douglasville), GA	1999	2004	100%	1,036,244	378,056	\$306
Asheville Mall Asheville, NC	1972/2000	2000	100%	931,262	310,427	287
Bonita Lakes Mall(5) Meridian, MS	1997	N/A	100%	633,685	185,258	260
Brookfield Square Brookfield, WI	1967/2001	1997	100%	1,030,200	317,350	420
Burnsville Center Burnsville, MN	1977/1998	N/A	100%	1,086,576	425,533	347
Cary Towne Center Cary, NC	1979/2001	1993	100%	1,004,210	297,775	317
Cherryvale Mall Rockford, IL	1973/2001	1989	100%	689,687	299,607	315
Citadel Mall Charleston, SC	1981/2001	2000	100%	1,067,491	298,010	263
College Square Morristown, TN	1988	1993	100%	459,705	153,881	219
Columbia Place Columbia, SC	1977/2001	1997	100%	1,042,404	297,854	255

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Mall/Location	Year of Opening/ Acquisition	Year of Most Recent Expansion	Company's Ownership	Total GLA(1)	Total Mall Store GLA(2)	Mall Store Sales per Square Foot (3)
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CoolSprings Galleria Nashville, TN	1991	1994	100%	1,125,914	371,278	375
Cross Creek Mall Fayetteville, NC	1975/2003	2000	100%	1,054,034	254,688	465
East Towne Mall Madison, WI	1971/2001	2003	100%	701,476	297,649	298
Eastgate Mall(12) Cincinnati, OH	1980/2001	1995	100%	1,066,654	271,885	268
Fashion Square Saginaw, MI	1972/2001	1993	100%	798,016	285,252	297
Fayette Mall Lexington, KY	1971/2001	1993	100%	1,074,922	308,524	484
Foothills Mall Maryville, TN	1983/1996	1997	95%	478,768	148,669	191
Frontier Mall Cheyenne, WY	1981	1997	100%	519,471	205,720	221
Georgia Square Athens, GA	1981	N/A	100%	673,138	251,584	256
Governor's Square Clarksville, TN	1986	1999	48%	718,786	287,161	268
Hamilton Place Chattanooga, TN	1987	1998	90%	1,145,007	368,359	353
Hanes Mall Wiston-Salem, NC	1975/2001	1990	100%	1,494,945	551,140	326
Harford Mall Bel Air, MD	1973/2003	1995	100%	490,458	188,522	344 (16)
Hickory Hollow Mall Nashville, TN	1978/1998	1991	100%	1,088,280	418,091	253
Janesville Mall Janesville, WS	1973/1998	1998	100%	627,128	173,798	306
Jefferson Mall Louisville, KY	1978/2001	1999	100%	923,762	269,434	302
Kentucky Oaks Mall Paducah, NY	1982/2001	1995	50%	1,013,822	420,568	261
Lakeshore Mall Sebring, FL	1992	1999	100%	495,972	148,144	255
Madison Square Huntsville, AL	1984	1985	100%	932,452	299,617	278
Meridian Mall(7) Lansing, MI	1969/1998	1987	100%	977,085	397,176	268

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Midland Mall Midland, MI	1991/2001	N/A	100%	515,000	197,626	268
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Mall/Location	Year of Opening/ Acquisition	Year of Most Recent Expansion	Company's Ownership	Total GLA(1)	Total Mall Store GLA(2)	Mall Store Sales per Square Foot(3)	Pe S L
Northwoods Mall Charleston, SC	1972/2001	1995	100%	833,833	335,497	320	
Oak Hollow Mall High Point, NC	1995	N/A	75%	800,762	249,934	201	
Old Hickory Mall Jackson, TN	1967/2001	1994	100%	544,668	164,573	317	
Panama City Mall Panama City, FL	1976/2002	1984	100%	606,452	249,293	272	
Parkdale Mall Beaumont, TX	1986/2001	1993	100%	1,371,870	456,529	257	
Pemberton Square Vicksburg, MS	1985	1999	100%	351,920	133,685	154	
Plaza del Sol Mall Del Rio, TX	1979	1996	51%	261,586	105,405	189	
Post Oak Mall College Station, TX	1982	1985	100%	776,898	320,280	263	
Randolph Mall Asheboro, NC	1982/2001	1989	100%	350,035	148,021	191	
Regency Mall Racine, WI	1981/2001	1999	100%	884,534	269,141	253	
Richland Mall Waco, TX	1980/2002	1996	100%	720,610	241,132	310	
Rivergate Mall Nashville, TN	1971/1998	1998	100%	1,129,035	347,206	290	
River Ridge Mall Lynchburg, VA	1980/2003	2000	100%	784,775	203,208	299	
Southpark Mall Colonial Heights, VA	1989/2003	N/A	100%	626,806	223,482	291	
St. Clair Square(9)	1974/1996	1993	100%	1,047,438	283,364	378	

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Fairview Heights, IL Stroud Mall(10) Stroudsburg, PA	1977/1998	1994	100%	424,232	150,309	314
Sunrise Mall Brownsville, TX	1979/2003	2000	100%	739,996	315,095	313
Towne Mall Franklin, OH	1977/2001	N/A	100%	465,451	155,137	216
Turtle Creek Mall Hattiesburg, MS	1994	1995	100%	846,150	223,056	313
Twin Peaks Mall Longmont, CO	1985	1997	100%	555,919	242,534	218
Valley View Mall Roanoke, VA	1985/2003	1999	100%	787,255	287,720	325
Walnut Square(11) Dalton, GA	1980	1992	100%	449,798	170,605	243
Wausau Center(13) Wausau, WI	1983/2001	1999	100%	429,970	156,770	276
West Towne Mall Madison, WI	1970/2001	2003	100%	815,856	422,469	402

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Mall/Location	Year of Opening/ Acquisition	Year of Most Recent Expansion	Company's Ownership	Total GLA(1)	Total Mall Store GLA(2)	Mall Store Sales per Square Foot (3)	Pe S L
WestGate Mall(6) Spartanburg, SC	1975/1995	1996	100%	1,100,679	267,353	256	
Westmoreland Mall Greensboro, PA	1977/2002	1994	100%	1,017,114	405,023	337	
York Galleria York, PA	1998/1999	N/A	100%	770,668	233,451	304	
Total Stabilized Malls				46,390,864	15,838,908	\$300	
Grand Total All Malls				47,570,176	16,336,139	\$298	

Anchors

Anchors are an important factor in a Mall's successful performance. The public's identification with a mall property typically focuses on the anchor tenants. Mall anchors are generally a department store whose merchandise appeals to a broad range of shoppers and plays a significant role in generating customer traffic and creating a desirable location for the mall store tenants.

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 Anchors may own their stores and the land underneath, as well as the adjacent parking areas, or may enter into long-term leases with respect to their stores. Approximately 28% of the anchor square footage is leased and the remaining 72% is owned by the anchor. Rental rates for anchor tenants are significantly lower than the rents charged to mall store tenants. Anchors account for 7.7% of the total revenues from the Company's Properties. Each anchor that owns its store has entered into an operating and reciprocal easement agreement with the Company covering items such as operating covenants, reciprocal easements, property operations, initial construction and future expansion.

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 During 2003, the Company replaced vacant anchor locations with the following new anchors:

Anchor	Property	Location
JC Penney	Arbor Place Mall	Douglasville, GA
Younkers	Meridian Mall	Lansing, MI

 In addition, the Company added the following junior anchor or non-traditional anchor boxes to the following mall properties:

Anchor	Property	Location
Cinemark	Randolph Mall	Asheboro, NC
Steve & Barry's	East Towne Mall	Madison, WI
Steve & Barry's	Eastgate Mall	Cincinnati, OH
Linens N' Things	Parkdale Mall	Beaumont, TX
Linens N' Things	Rivergate Mall	Nashville, TN
Barnes & Noble	Midland Mall	Midland, TX

 As of December 31, 2003, the Malls had a total of 289 anchors including 1 vacant anchor location. The following table lists all mall anchors and the amount of GLA leased or owned by each Anchor as of December 31, 2003:

Anchor	Number of Stores	Leased GLA	Owned GLA	Total GLA
JCPenney	55	2,752,060	3,193,486	5,945,546
Sears	56	1,364,160	5,620,569	6,984,729
Dillard's	42	511,759	4,913,246	5,425,005
Sak's:				
Boston Store	4	96,000	460,074	556,074
Proffitts	7	0	643,082	643,082
Parisian	6	132,621	647,633	780,254
McRae's	5	0	511,359	511,359
Younker's	5	194,161	367,556	561,717
Subtotal	27	422,782	2,629,704	3,052,486
Belk	17	624,928	1,547,262	2,172,190
The May Company:				

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Foley's	2	0	275,155	275,155
Famous Barr	1	236,489	0	236,489
Hecht's	10	272,986	1,149,446	1,422,432
Subtotal	13	509,475	1,424,601	1,934,076
Federated Department Stores:				
Macy's	1	0	115,623	115,623
Lazarus	2	0	427,143	427,143
Rich's	2	119,700	167,174	286,874
Subtotal	5	119,700	709,940	829,640
Goody's	8	270,616	0	270,616
Target, Inc.:				
Marshall Field	4	147,632	494,299	641,931
Target	3	0	315,636	315,636
Mervyn's	2	74,889	124,919	199,808
Subtotal	9	222,521	934,854	1,157,375
The Bon Ton	3	87,024	231,715	318,739
Kmart	1	86,479	0	86,479
Boscov's	1	0	150,000	150,000
Kohl's	2	183,591	0	183,591
Bed, Bath & Beyond	4	129,714	0	129,714
Old Navy	5	135,710	0	135,710
Bergner's	1	0	128,330	128,330
Elder-Beerman	3	124,233	117,888	242,121
Hobby Lobby	1	54,875	0	54,875
Service Merchandise	2	63,404	53,000	116,404
Beall Bros.	5	185,147	0	185,147
Beall's (Fla)	1	45,844	0	45,844
Bel Furniture	1	87,461	0	87,461
Designer, Inc.	1	20,269	0	20,269
Dick's Sporting Goods	2	110,036	0	110,036
Borders	1	25,814	0	25,814
Galyan's	1	80,515	0	80,515
Kaufmann's	2	24,370	168,341	192,711

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Linens N Things	4	115,610	0	115,610
Barnes & Noble	1	24,368	0	24,368
Books A Million	2	44,180	0	44,180
Circuit City	1	20,831	0	20,831
Dawahare's	1	21,652	0	21,652
Dunhams Sports Outfitters	1	21,159	0	21,159
Gart Sports	1	24,750	0	24,750
Office Max	1	23,600	0	23,600
Schuler Books	1	24,116	0	24,116
Steve & Barry's	2	48,197	0	48,197
Toys R Us	1	29,398	0	29,398
Value City	1	97,411	0	97,411
Vacant Anchors:				
Shopko	1	0	85,229	85,229
Former Kmart	1	87,461	0	87,461

287 8,737,759 21,908,165 30,645,924
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MALL STORES

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The Malls have approximately 7,109 mall stores. National and regional retail chains (excluding local franchises) lease approximately 70.0% of the occupied mall store GLA. Although mall stores occupy only 34.3% of the total mall GLA, the Malls received 87.7% of their revenues from mall stores for the year ended December 31, 2003.

The following table summarizes certain information about the mall stores for the last three years.

At December 31,	Total GLA(1)	Total GLA Leased(1)	Average Base Rent Per Square Foot (2)	Average Mall Store Sales Per Square Foot (3)
2001	12,607,000	11,537,000	\$22.91	\$297
2002	13,502,000	12,522,000	23.49	293
2003	14,640,000	13,794,000	25.05	298

Mall Lease Expirations

The following table summarizes the scheduled lease expirations for mall stores as of December 31, 2003:

Year Ending December 31,	Number of Leases Expiring	Annualized Base Rent (1)	Approximate Mall Store GLA of Expiring Leases	Base Rent Per Square Foot	Expiring Leases as % of Total Annualized Base Rent
2004	787	\$34,498,000	1,626,000	\$21.22	10.8%
2005	671	38,130,000	1,709,000	22.31	12.0%
2006	719	39,603,000	1,605,000	24.67	12.4%
2007	608	38,018,000	1,599,000	23.78	11.9%
2008	563	36,217,000	1,543,000	23.48	11.4%
2009	414	26,788,000	1,126,000	23.79	8.4%
2010	362	24,497,000	901,000	27.19	7.7%
2011	377	28,931,000	1,051,000	27.54	9.1%
2012	336	24,069,000	832,000	28.94	7.5%
2013	268	20,233,000	827,000	24.47	6.3%

Mall Tenant Occupancy Costs

Occupancy cost is a tenant's total cost of occupying its space, divided by sales. The following table summarizes tenant occupancy costs as a percentage of total mall store sales for the last three years:

Year Ended December 31, (1)

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	2003	2002	2001
Mall store sales (in millions) (2)	\$3,199.9	\$2,852.8	\$2,821.4
Minimum rents	8.5%	8.3%	8.0%
Percentage rents	0.3%	0.4%	0.3%
Tenant reimbursements (3)	3.4%	3.3%	3.0%
Mall tenant occupancy costs	12.2%	12.0%	11.3%

ASSOCIATED CENTERS

The Company owns a controlling interest in 21 Associated Centers and non-controlling interests in two Associated Centers. The Company also owns a controlling interest in one Associated Center that was under construction at December 31, 2003, and opened in February 2004.

Associated Centers are retail properties that are adjacent to a regional mall complex and include one or more anchors, or big box retailers, along with smaller tenants. Anchor tenants typically include tenants such as TJ Maxx, Target, Toys R Us and Goody's. Associated Centers are managed by the staff at the Mall it is adjacent to and usually benefit from the customers drawn to the Mall.

The following table summarizes certain information about the Associated Centers for the last three years.

At December 31	Total GLA	Total Leasable GLA	Average Base Rent Per Square Foot (1)	Average Sales Per Square Foot (2)
2001	2,974,495	1,615,373	\$9.73	\$198
2002	3,563,351	2,162,012	9.87	181
2003	3,999,212	2,472,428	9.90	192

All of the land underlying the Associated Centers is owned in fee simple except for Bonita Lakes Crossing, which is subject to a long-term ground lease.

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Associated Centers Lease Expirations

The following table summarizes the scheduled lease expirations for Associated Center tenants in occupancy as of December 31, 2003.

Year Ending December 31,	Number of Leases Expiring	Annualized Base Rent of Expiring Leases (1)	Approximate GLA of Expiring Leases	Base Rent Per Square Foot	Expiring Leases as % of Total Annualized Base Rent

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2004	28	\$ 958,000	96,000	\$9.97	6.5%
2005	41	2,350,000	201,000	11.70	16.0%
2006	25	1,136,000	94,000	12.06	7.7%
2007	19	930,000	79,000	11.76	6.3%
2008	24	1,351,000	134,000	10.06	9.2%
2009	12	1,653,000	164,000	10.09	11.2%
2010	7	1,003,000	148,000	6.78	6.8%
2011	3	842,000	102,000	8.26	5.7%
2012	14	2,655,000	188,000	14.14	18.0%
2013	8	1,047,000	80,000	13.10	7.1%

The following table sets forth certain information for each of the Associated Centers as of December 31, 2003:

Associated Center/ Location	Year of Opening/ Most Recent Expansion	Company's Ownership	Total GLA(1)	Total Leasable GLA(2)	Percentage GLA Occupied(3)	Ancho
Bonita Lakes Crossing(4) Meridian, MS	1997/1999	100%	130,150	130,150	92%	Books-A-Mill Office Max, Shoe Carniva
CoolSprings Crossing Nashville, TN	1992	100%	373,931	192,370	85%	Maxx, Toys ' H.H. Gregg(6) Oats(6), Lif Christian St Target(6), T Us(6)
Courtyard at Hickory Hollow Nashville, TN	1979	100%	77,460	77,460	100%	Carmike Cine For Feet(7)
Eastgate Crossing Cincinnati, OH	1991	100%	195,112	171,628	98%	Borders, Cir Kids "R" Us, Office Max(6)
Foothills Plaza Maryville, TN	1983/1986	100%	191,216	71,216	100%	Carmike Cine Dollar Gener Foothill's H Fowler's Fur
Frontier Square Cheyenne, WY	1985	100%	161,615	16,615	100%	Albertson's(6) Target(6)
Governor's Square Plaza Clarksville, TN	1985(5)	50%	187,599	65,401	100%	Office Max, Medical Grou
Georgia Square Plaza Athens, GA	1984	100%	15,393	15,393	100%	Georgia Thea
Gunbarrel Pointe Chattanooga, TN	2000	100%	281,525	155,525	100%	David's Brid Goody's, Koh Target(6)
Hamilton Corner Chattanooga, TN	1990	90%	88,298	88,298	47%	Fresh Market
Hamilton Crossing Chattanooga, TN	1987/1994	92%	185,370	92,257	92%	Home Goods(6) Michaels(6), Us, TJ Maxx, Us(6)
Harford Annex Bel Air, MD	1973/2003	100%	107,903	107,903	100%	Best Buy, Do Gardiner's F PetsMart

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The Landing Atlanta (Douglasville), GA	1999	100%	169,523	91,836	90%	Circuit City Lifeway, Mic Shoe Carniva "R" Us (6)
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Associated Center/ Location	Year of Opening/ Most Recent Expansion	Company's Ownership	Total GLA(1)	Total Leasable GLA(2)	Percentage GLA Occupied(3)	Ancho
Madison Plaza Huntsville, AL	1984	100%	153,085	98,690	97%	Food World, City, TJ Max
Parkdale Crossing Beaumont, TX	2002	100%	80,209	80,209	100%	Barnes & Nob Lifeway Chri Store, Offic Petco
Pemberton Plaza Vicksburg, MS	1986	10%	77,893	26,947	75%	Blockbuster,
Sunrise Commons Brownsville, TX	1979/2003	100%	226,012	100,567	100%	K-Mart, Mars
Shoppes at Hamilton Place Chattanooga, TN	2003	92%	109,937	109,937	99%	Navy, Ross, Bed Bath & B Marshall's,
The Terrace Chattanooga, TN	1997	92%	156,297	117,025	100%	Barnes & Nob Circuit City Linens 'N Th Navy, Staple
Village at Rivergate Nashville, TN	1981/1998	100%	166,366	66,366	29%	Chuck E. Che Target (6)
Westmoreland Crossing Greensburg, PA	2002	100%	277,303	277,303	50%	Ames(9), Car Cinema, Mich N' Save
WestGate Crossing Spartanburg, SC	1985/1999	100%	157,247	157,247	92%	Chuck E. Che Goody's, Old Toys "R" Us
West Towne Crossing Madison, WI	1980	100%	429,768	162,085	100%	Barnes & Nob Buy, Kohls(6 Foods(6), Ga Mountain, Of Max(6), Shop
Total Associated Centers			3,999,212	2,472,428	89%	

COMMUNITY CENTERS

The Company owns a controlling interest in 17 Community Centers and non-controlling interests in two Community Centers. The Company also owns two Community Centers that are currently under construction.

Community Centers typically have less development risk because of shorter development periods and lower costs. While Community Centers generally maintain higher occupancy levels and are more stable, they typically have slower rent growth because the anchor stores' rents are typically fixed and are for longer terms.

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Community Centers are designed to attract local and regional area customers and are typically anchored by a combination of supermarkets, or value-priced stores that attract shoppers to each center's small shops. The tenants at the Company's Community Centers typically offer necessities, value-oriented and convenience merchandise.

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As discussed under Recent Developments, the Company sold its interests in 41 community centers to Galileo America in October 2003 and acquired a 10% interest in Galileo America.

The following table summarizes certain information about the Community Centers for the last three years.

At December 31,	Total GLA	Total Leasable GLA	Average Base Rent Per Square Foot (1)	Average Sales Per Square Foot (2)
2001	8,357,207	5,472,017	\$9.43	\$190
2002	7,580,027	5,123,643	9.72	224
2003 (3)	3,422,000	2,071,840	9.15	122

The following tables sets forth certain information for each of the Company's Community Centers at December 31, 2003:

Community Center / Location	Year of Opening/ Most Recent Expansion	Company's Ownership	Total GLA(1)	Total Leasable GLA(2)	Percentage GLA Occupied(3)	An
BJ's Plaza(4) (12) Portland, ME	1991	100%	104,233	104,233	100%	BJ's Wholesa
Cedar Plaza Cedar Springs, MI	1988	100%	50,000	50,000	100%	Tractor Supp
Keystone Crossing Tampa, FL	1989	100%	40,400	40,400	100%	Food Lion(5)
Longview Crossing(6) (11) Hickory, NC	2000	100%	40,598	40,598	100%	Food Lion
Massard Crossing Ft. Smith, AR	2001	10%	300,717	98,410	94%	Goody's, TJ Wal*Mart (7)
North Creek Plaza Greenwood, SC	1983	100%	28,500	28,500	26%	Food Lion(5)
Oaks Crossing Otsego, MI	1990/1993	100%	119,674	27,450	100%	Buck's Varie
Sattler Square Big Rapids, MI	1989	100%	132,746	94,760	100%	Big Lots, Ri Supply Compa
Springdale Mall (12) Mobile, AL	1960/2002	100%	968,962	688,962	88%	Barnes & Nob Burlington C David's Brid Linens N Thi Cinemas, McR Piccadilly, Wherehouse E

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Springs Crossing(8) (11) Hickory, NC	1987/1996	100%	42,920	42,920	84%	Food Lion
Stone East Plaza(11) Kingsport, TN	1983	100%	45,259	45,259	98%	Auto Zone, D Spa World
34th St. Crossing St. Petersburg, FL	1989	100%	51,120	51,120	78%	Food Lion (9)
Uvalde Plaza Uvalde, TX	1987/1992	75%	34,000	34,000	100%	Beall's, Wal
Valley Crossing(11) Hickory, NC	1988/1991	100%	186,077	186,077	99%	Dollar Tree, Goody's, Off Room Shoes,
The Village at Wexford Cadillac, MI	1990	100%	72,450	72,450	100%	Tractor Supp

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Community Center / Location	Year of Opening/ Most Recent Expansion	Company's Ownership	Total GLA(1)	Total Leasable GLA(2)	Percentage GLA Occupied(3)	An
Village Square Houghton Lake, MI	1990/1993	100%	163,294	27,050	96%	Fashion Bug,
Waterford Commons (11) Waterford, CT	2003	100%	353,086	242,297	91%	Best Buy, Bo Sporting Goo Linens N Thi Pier 1, Raym Furniture
Willowbrook Plaza Houston, TX	1999	10%	386,130	292,580	85%	American Mul Depot(7), Li
Willow Springs Plaza(11) Nashua, NH	1991/1994	100%	224,753	130,753	97%	Home Depot(7) Home Store, Warehouse, O
Total Community Centers			3,422,079	2,297,819	91.9%	

Community Centers Lease Expirations

The following table summarizes the scheduled lease expirations for tenants in occupancy at the Company's 17 community centers at December 31, 2003.

Year Ending December 31,	Number of Leases Expiring	Annualized Base Rent of Expiring Leases (1)	Approximate GLA of Expiring Leases	Base Rent Per Square Foot	Expiring Leases as % of Total Annualized Base Rent	L %
2004	19	\$430,000	44,000	\$9.77	2.7%	
2005	19	870,000	92,000	9.46	5.4%	
2006	12	285,000	75,000	3.8	1.8%	
2007	19	351,000	59,000	5.95	2.2%	
2008	10	393,000	78,000	5.04	2.4%	
2009	3	478,000	60,000	7.97	3.0%	
2010	1	18,000	2,000	9.00	0.1%	
2011	0	0	0	0.00	0.0%	

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2012	1	162,000	10,000	16.20	1.0%
2013	2	163,000	32,000	5.09	1.0%

MORTGAGES

The Company owns 12 mortgages that are collateralized by first mortgages or wrap-around mortgages on the underlying real estate and related improvements. The mortgages are more fully described on Schedule IV in Part IV of this report.

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OFFICE BUILDING

The Company owns a 92% interest in the 128,000 square foot office building where its corporate headquarters is located. At December 31, 2003, the Company occupied 60% of the total square footage of the building.

Mortgage Loans Outstanding at December 31, 2003
(in thousands)

Collateral Property	Company's Ownership Share	Interest Rate	Principal Balance as of 12/31/03 (1)	Annual Debt Service	Matur Dat

CONSOLIDATED DEBT:					

MALLS:					
Arbor Place Mall	100%	6.510%	\$79,570	\$6,610	Jul-
Asheville Mall	100%	6.980%	69,541	5,677	Sep-
Bonita Lakes Mall	100%	6.820%	27,178	2,503	Oct-
Brookfield Square	100%	7.498%	71,742	7,219	May-
Burnsville Center	100%	8.000%	70,923	6,900	Oct-
Cary Towne Center	100%	6.850%	88,310	7,077	Mar-
Cherryvale Mall	100%	7.375%	45,727	4,648	Jul-
Citadel Mall	100%	7.390%	31,767	3,174	May-
College Square	100%	6.750%	12,301	1,726	Sep-
Columbia Place	100%	5.450%	33,839	2,493	Oct-
Coolsprings Galleria	100%	8.290%	60,322	6,636	Oct-
Cross Creek Mall	100%	7.400%	64,024	5,401	Apr-
East Towne Mall	100%	8.010%	27,791	7,434	Dec-
Eastgate Mall	100%	2.625% (3)	41,125	1,080	Feb-
Fashion Square Mall	100%	6.510%	60,923	5,061	Jul-
Fayette Mall	100%	7.000%	95,470	7,824	Jul-
Hamilton Place	90%	7.000%	65,448	6,361	Mar-
Hanes Mall	100%	7.310%	111,516	10,726	Jul-
Hickory Hollow Mall	100%	6.770%	89,500	7,723	Aug-
Janesville Mall	100%	8.375%	14,255	1,857	Apr-
Jefferson Mall	100%	6.510%	44,325	3,682	Jul-
Meridian Mall	100%	4.520%	95,479	6,416	Oct-
Midland Mall	100%	2.620% (3)	30,000	786	Jun-
Northwoods Mall	100%	6.510%	63,461	5,271	Jul-
Oak Hollow Mall	75%	7.310%	45,960	4,709	Feb-

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Old Hickory Mall	100%	6.510%	35,148	2,920	Jul-
Panama City Mall	100%	7.300%	40,144	3,373	Aug-
Parkdale Mall	100%	5.010%	56,712	4,003	Oct-
Randolph Mall	100%	6.500%	15,328	1,272	Jul-
Regency Mall	100%	6.510%	34,757	2,887	Jul-
Rivergate Mall	100%	6.770%	72,334	6,240	Aug-
River Ridge Mall	100%	8.050%	22,336	2,353	Jan-
Southpark Mall	100%	7.000%	38,035	3,308	May-
St. Clair Square	100%	7.000%	68,892	6,361	Apr-
Stroud Mall	100%	8.420%	31,794	2,977	Dec-

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Sunrise Mall	100%	4.900% (7)	40,000	1,960	May-
Turtle Creek Mall	100%	7.400%	31,082	2,712	Mar-
Valley View Mall - Note 1	100%	8.280%	31,491	2,993	Oct-
Valley View Mall - Note 2	100%	9.390%	13,422	1,369	Oct-
Walnut Square	100%	10.125% (8)	486	144	Feb-
Wausau Center	100%	6.700%	13,621	1,238	Dec-
West Towne Mall	100%	8.010%	42,966	7,434	Dec-
Westgate Mall	100%	6.500%	55,063	4,570	Jul-
Westmoreland Mall	100%	5.050%	83,703	5,993	Mar-
York Galleria	100%	8.340%	50,875	4,727	Dec-

ASSOCIATED CENTERS:

Bonita Lakes Crossing	100%	6.820%	8,516	784	Oct-
Courtyard at Hickory Hollow	100%	6.770%	4,167	360	Aug-
Eastgate Crossing	100%	6.380%	10,394	1,018	Apr-
Hamilton Corner	90%	10.125%	2,503	471	Dec-
Parkdale Crossing	100%	5.010%	8,955	632	Oct-
The Landing at Arbor Place	100%	6.510%	8,982	746	Jul-
Village at Rivergate	100%	6.770%	3,417	295	Aug-
Westgate Crossing	100%	8.420%	9,659	907	Jul-

COMMUNITY CENTERS:

BJ's Plaza	100%	10.400%	2,578	476	Dec-
Uvalde Plaza	75%	10.625%	446	133	Feb-
Willow Springs Plaza	100%	9.750%	2,871	934	Aug-
Waterford Commons	100%	2.770% (3)	25,883	717	Jul-

OTHER:

CBL Center	92%	6.250%	14,763	1,108	Aug-
Secured credit facilities	100%	2.170% (10)	304,000	6,597	(11)
Unsecured credit facility	100%	2.490% (3)	72,000	1,793	Jan-
Fayette Mall Development	100%	2.770% (3)	8,550	237	Dec-

Unamortized premiums and other			31,732 (12)		

		Total consolidated debt	2,738,102		

UNCONSOLIDATED DEBT:

MALLS:

Governor's Square Mall	48%	8.230%	32,461	3,476	Sep-
Kentucky Oaks Mall	50%	9.000%	32,263	3,573	Jun-
Parkway Place	45%	2.620% (3)	58,470	1,532	Dec-
Plaza Del Sol	51%	9.150%	3,959	796	Aug-

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COMMUNITY CENTERS:

Massard, Pemberton and Willowbrook	10%	7.540%	38,147	3,264	Feb-
Cedar Bluff Crossing	10%	10.625%	745	230	Aug-
Cortlandt Towne Center	10%	6.900%	48,779	4,539	Aug-
Galileo High Leverage Pool (secured by 13 Properties)	10%	5.330%	77,000	4,104	Nov-
Galileo Investment Grade Pool (secured by 14 Properties)	10%	5.010%	54,000	2,705	Nov-
Galileo Subscription Line (unsecured)	10%	2.625%(3)	11,000	289	Nov-
Greenport Towne Center	10%	9.000%	3,636	529	Sep-
Henderson Square	10%	7.500%	5,384	750	Apr-
Northwoods Plaza	10%	9.750%	984	171	Jun-
Suburban Plaza	10%	7.875%	7,776	870	Jan-

CONSTRUCTION PROPERTIES:

Coastal Grand	50%	2.938%(3)	46,384	1,363	May-
Imperial Valley Mall	60%	2.840%(3)	418	12	Dec-

Unamortized premiums

8,084(12)

Total unconsolidated debt

\$ 429,490

Total consolidated and unconsolidated debt

\$ 3,167,592

Company's share of total debt (16)

\$ 2,853,646

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ITEM 3. LEGAL PROCEEDINGS

The Company is currently involved in certain litigation that arises in the ordinary course of business. It is management's opinion that the pending litigation will not materially affect the financial position or results of operations of the Company. Additionally, management believes that, based on environmental studies completed to date, any exposure to environmental cleanup will not materially affect the financial position and results of operations of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

NONE

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

(a) Market Information

The principal United States market in which the common stock is traded is the New York Stock Exchange.

The following tables set forth the high and low sales prices for the common stock for each quarter of the Company's two most recent fiscal years.

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Quarter Ended	High	Low

2003:		

March 31	\$41.27	\$37.50
June 30	\$45.14	\$40.49
September 30	\$50.76	\$42.99
December 31	\$57.51	\$49.65
2002:		

March 31	\$37.10	\$31.05
June 30	\$40.94	\$34.90
September 30	\$40.50	\$30.90
December 31	\$40.18	\$33.95

(b) Holders

The approximate number of shareholders of record of the Common Stock was 551 as of March 8, 2004.

(c) Dividends Declared

The following tables sets forth the frequency and amounts of dividends declared and paid on the Common Stock for each quarter of the Company's two most recent fiscal years.

Quarter Ended	2003	2002

March 31	\$.655	\$.555
June 30	\$.655	\$.555
September 30	\$.655	\$.555
December 31	\$.725	\$.655

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Future dividend distributions are subject to the Company's actual results of operations, economic conditions and such other factors as the Board of Directors of the Company deems relevant. The Company's actual results of operations will be affected by a number of factors, including the revenues received from the Properties, the operating expenses of the Company, the Operating Partnership and the Property Partnerships, interest expense, the ability of the anchors and tenants at the Properties to meet their obligations and unanticipated capital expenditures.

(d) See Part III, Item 12.

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ITEM 6. SELECTED FINANCIAL DATA.

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(In thousands, except per share data)

	Year Ended December		
	2003	2002	2001
Total revenues	\$ 667,531	\$ 586,970	\$ 537,280
Total expenses	350,452	302,757	278,255
Income from operations	317,079	284,213	259,025
Interest income	2,485	1,853	1,891
Interest expense	(153,373)	(143,105)	(156,625)
Loss on extinguishment of debt	(167)	(3,910)	(13,558)
Gain on sales of real estate assets	77,775	2,804	10,649
Equity in earnings of unconsolidated affiliates	4,941	8,215	7,155
Minority interest in earnings:			
Operating partnership	(106,532)	(64,251)	(49,643)
Shopping center properties	(2,799)	(3,306)	(1,682)
Income before discontinued operations	139,409	82,513	57,212
Discontinued operations	4,730	2,393	3,696
Net income	144,139	84,906	60,908
Preferred dividends	(19,633)	(10,919)	(6,468)
Net income available to common shareholders	\$ 124,506	\$ 73,987	\$ 54,440
Basic earnings per common share:			
Income before discontinued operations, net of preferred dividends	\$ 4.00	\$ 2.50	\$ 2.00
Net income available to common shareholders	\$ 4.16	\$ 2.58	\$ 2.15
Weighted average shares outstanding	29,936	28,690	25,358
Diluted earnings per common share:			
Income before discontinued operations, net of preferred dividends	\$ 3.84	\$ 2.41	\$ 1.96
Net income available to common shareholders	\$ 3.99	\$ 2.49	\$ 2.10
Weighted average shares and potential dilutive common shares outstanding	31,193	29,668	25,833
Dividends declared per common share	\$ 2.69	\$ 2.32	\$ 2.13

	December 31, (
	2003	2002	2001
BALANCE SHEET DATA:			
Net investment in real estate assets	\$ 3,912,220	\$ 3,611,485	\$ 3,201,622
Total assets	4,264,310	3,795,114	3,372,851
Total mortgage and other notes payable	2,738,102	2,402,079	2,315,955
Minority interests	527,431	500,513	431,101
Shareholders' equity	837,299	741,190	522,088

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OTHER DATA:

Cash flows provided by (used in):

Operating activities	\$ 274,349	\$ 273,923	\$ 213,075
Investing activities	(333,379)	(274,607)	(201,245)
Financing activities	66,007	3,902	(6,877)
Funds From Operations (FFO) (1)			
of the Operating Partnership	271,588	235,474	182,687
FFO applicable to the Company	146,552	126,127	94,945

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Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the consolidated financial statements and accompanying notes that are included in this annual report. Capitalized terms used, but not defined, in this Management's Discussion and Analysis of Financial Condition and Results of Operations have the same meanings as defined in the notes to the consolidated financial statements. In this discussion, the terms "we", "us", "our" and the "Company" refer to CBL & Associates Properties, Inc. and its subsidiaries.

Certain statements made in this section or elsewhere in this report may be deemed "forward looking statements" within the meaning of the federal securities laws. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that these expectations will be attained, and it is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties. Such risks and uncertainties include, without limitation, general industry, economic and business conditions, interest rate fluctuations, costs of capital and capital requirements, availability of real estate properties, inability to consummate acquisition opportunities, competition from other companies and retail formats, changes in retail rental rates in the Company's markets, shifts in customer demands, tenant bankruptcies or store closings, changes in vacancy rates at our properties, changes in operating expenses, changes in applicable laws, rules and regulations, the ability to obtain suitable equity and/or debt financing and the continued availability of financing in the amounts and on the terms necessary to support our future business. We disclaim any obligation to update or revise any forward-looking statements to reflect actual results or changes in the factors affecting the forward-looking information.

OVERVIEW

We are 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 and community centers. Our shopping center properties are located primarily in the Southeast and Midwest, as well as in select markets in other regions of the United States.

As of December 31, 2003, we owned controlling interests in 56 regional malls, 21 associated centers (each adjacent to a regional shopping mall), 17 community centers, and our corporate office building. We consolidate the financial statements of all entities in which we have a controlling financial interest. As of December 31, 2003, we owned non-controlling interests in four regional malls, two associated centers and 42 community centers. Because major

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decisions such as the acquisition, sale or refinancing of principal partnership or joint venture assets must be approved by one or more of the other partners, we do not control these partnerships and joint ventures and, accordingly, account for these investments using the equity method. We had two malls, both owned in joint ventures, three mall expansions, one associated center, two community centers and one community center expansion under construction as of December 31, 2003.

The majority of our revenues are derived from leases with retail tenants and generally include base minimum rents, percentage rents based on tenants' sales volumes and reimbursements from tenants for expenditures, including property operating expenses, real estate taxes and maintenance and repairs, as well as certain capital expenditures. We also generate revenues from sales of outparcel land at the properties and from sales of operating real estate assets when it is determined that we can realize the maximum value of the assets. Proceeds from such sales are generally used to reduce borrowings on the credit facilities.

Our regional mall portfolio performed well during 2003 as evidenced by consistently high occupancy levels, increased rents on expiring leases, and growth in both specialty leasing income and same-store mall store sales. The

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properties we acquired over the past two years also made significant contributions to our growth in 2003 as we continued to leverage our expertise to improve the tenant mix in these properties and to capitalize on opportunities for specialty leasing income.

We expanded our portfolio with the acquisition of six malls and two associated centers during 2003, representing a total investment of \$494.6 million. The acquisition market is competitive and we continue to pursue potential acquisition opportunities where we believe that we can leverage our expertise to enhance the value of the property.

During 2003, we obtained a new secured credit facility and capitalized on the favorable interest rate environment by obtaining non-recourse, fixed-rate mortgage loans on several of our properties. We also made a strategic decision to contribute ownership interests in 51 of our community centers to Galileo America LLC ("Galileo America"), a joint venture we have formed with Australia-based Galileo America Shopping Trust. Galileo America Shopping Trust has a controlling 90% interest in the joint venture and we have a 10% noncontrolling interest. While this transaction will result in a short-term dilution to earnings, we believe it allows us to develop and acquire real estate assets that will be more productive in the long-term and provides us access to a new capital market.

On October 23, 2003, we completed the first phase of the transaction when we sold interests in 41 community centers to Galileo America. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", the results of operations of these properties have not been reflected as discontinued operations in the consolidated financial statements since we have significant continuing involvement with the properties through our 10% ownership interest in Galileo America and the long-term agreement under which we will be the exclusive manager of the properties.

Bankruptcy filings and store closings by retail tenants are normal in the course of our business. Our leasing personnel continually work to re-lease spaces that become vacant due to bankruptcies, store closings and lease

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expirations. During 2003, bankruptcies resulted in 63 store closings, representing \$5.1 million in annual gross rentals. Subsequent to year-end, KB Toys, Gadzooks, One Price Clothing, and Footstar filed for bankruptcy. The total annual gross rentals related to the stores these retailers have notified us will be closing is \$4.2 million.

RESULTS OF OPERATIONS

COMPARISON OF THE YEAR ENDED DECEMBER 31, 2003 TO THE YEAR ENDED DECEMBER 31, 2002

The following significant transactions impacted the consolidated results of operations for the year ended December 31, 2003, compared to the year ended December 31, 2002:

[X] The acquisition of six malls and two associated centers and the opening of one new associated center and two new community centers during 2003. Additionally, there was a full year of operations in 2003 for three malls and one associated center that were acquired during 2002 and one associated center that was opened in 2002. The properties opened or acquired during 2003 and 2002 are collectively referred to as the "New Properties" and are as follows:

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Property	Location	Date Acquired / Opened

Acquisitions:		

Richland Mall	Waco, TX	May 2002
Panama City Mall	Panama City, FL	May 2002
Westmoreland Mall	Greensburg, PA	December 2002
Westmoreland Crossing	Greensburg, PA	December 2002
Sunrise Mall	Brownsville, TX	April 2003
Sunrise Commons	Brownsville, TX	April 2003
Cross Creek Mall	Fayetteville, NC	September 2003
River Ridge Mall	Lynchburg, VA	October 2003
Valley View Mall	Roanoke, VA	October 2003
Southpark Mall	Colonial Heights, VA	December 2003
Harford Mall	Bel Air, MD	December 2003
Harford Annex	Bel Air, MD	December 2003
New Developments:		

Parkdale Crossing	Beaumont, TX	November 2002
The Shoppes at Hamilton Place	Chattanooga, TN	May 2003
Cobblestone Village	St. Augustine, FL	May 2003
Waterford Commons	Waterford, CT	September 2003

[X] The consolidation of a full year of operations for East Towne Mall, West Towne Mall and West Towne Crossing (the "Newly Consolidated Properties") in which we acquired the remaining ownership interest during December 2002. We had previously owned a non-controlling interest in these properties and had accounted for them using the equity method of accounting.

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[X] The sale of interests in 41 community centers to Galileo America in October 2003 ("the Galileo Transaction").

Revenues

The \$80.6 million increase in revenues was primarily attributable to increases of \$44.7 million from the New Properties, \$23.6 million from the Newly Consolidated Properties and \$20.6 million from properties that were in operation for all of 2003 and 2002, offset by a reduction of \$6.7 million from the Galileo Transaction.

The increase in revenues at properties that were in operation for all of 2003 and 2002 was primarily driven by our ability to maintain high occupancy levels while achieving increases in rents from both new leases and lease renewals on comparable spaces. Additionally, our cost recovery ratio improved to 99.2% in 2003 compared to 91.4% in 2002 due primarily to the partial recovery of certain capital expenditures incurred in connection with the significant number of mall renovations completed during the past three years.

Management, leasing and development fees decreased \$1.6 million because of a reduction in fees related to the Newly Consolidated Properties.

Operating Expenses

Property operating expenses (including real estate taxes and maintenance and repairs) increased \$20.0 million due to increases of \$15.5 million from the New Properties and \$7.4 million from the Newly Consolidated Properties, offset by a reduction of \$2.9 million from the Galileo Transaction.

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The \$19.5 million increase in depreciation and amortization expense resulted from increases of \$9.2 million from the New Properties, \$4.2 million from the Newly Consolidated Properties and \$7.1 million from the comparable centers, which is primarily attributable to the 16 property renovations and expansions that were completed during 2003 and 2002. These increases were offset by a reduction of \$1.0 million from the Galileo Transaction.

General and administrative expenses increased \$7.1 million because we had a lower level of development activity in 2003 than in 2002. As a result, we capitalized less in salaries of leasing and development personnel, which resulted in higher compensation expense. There were also additional salaries and benefits for the personnel added to manage the properties acquired during 2003 and 2002 combined with normal wage increases for existing personnel.

Other Income and Expenses

Interest expense increased \$10.3 million due to the debt on the New Properties and the Newly Consolidated Properties. We also refinanced \$196.0 million of short-term, variable-rate debt with fixed-rate, non-recourse long-term debt with a higher interest rate. The increase was offset somewhat by a reduction in debt related to the Galileo Transaction and normal principal amortization. While converting to fixed-rate debt is dilutive in the short-term, it is consistent with our strategy of minimizing exposure to variable-rate debt when we can obtain fixed-rate debt on terms that are deemed favorable for the long-term.

The net gain on sales of \$77.8 million in 2003 was primarily attributable to the \$71.9 million gain recognized on the Galileo Transaction. The remaining \$5.9 million of gain was related to gains on sales of 20 outparcels at various properties and sales of two options on potential development sites.

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Equity in earnings decreased by \$3.3 million in 2003 as a result of the Newly Consolidated Properties no longer being accounted for using the equity method.

Six community centers were sold during 2003 for a net gain on discontinued operations of \$4.0 million. Operating income from discontinued operations decreased in 2003 because the properties were owned for a shorter period of time in 2003 than in 2002, and because 2002 includes the operations of properties that were sold during 2002.

COMPARISON OF THE YEAR ENDED DECEMBER 31, 2002 TO THE YEAR ENDED DECEMBER 31, 2001

The following significant transactions impacted the consolidated results of operations for the year ended December 31, 2002, compared to the year ended December 31, 2001:

- |X| The acquisition of ownership interests in 21 malls and two associated centers from The Richard E. Jacobs Group ("Jacobs") on January 31, 2001; therefore, the results of operations for 2002 include an additional month of operations for these properties as compared to 2001. In March 2002, the second and final stage of the Jacobs acquisition was completed with the acquisition of additional interests in four malls and one associated center.

- |X| The acquisition or opening of three additional properties during 2001 and six additional properties during 2002. The new properties opened or acquired are:

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Property	Location	Date Acquired/Open

Acquisitions:		

Willowbrook Plaza	Houston, TX	February 2001
Richland Mall	Waco, TX	May 2002
Panama City Mall	Panama City, FL	May 2002
Westmoreland Mall	Greensburg, PA	December 2002
Westmoreland Crossing	Greensburg, PA	December 2002
Developments:		

Creekwood Crossing	Bradenton, FL	April 2001
The Lakes Mall	Muskegon, MI	August 2001
CBL Center	Chattanooga, TN	January 2002
Parkdale Crossing	Beaumont, TX	November 2002

- |X| Six community centers were sold during 2001 and their results of operations are included in income from operations in 2001 through each property's respective disposal date. The results of operations of the five community centers and the office building sold during 2002 are included in discontinued operations for all periods presented as a result of the adoption of SFAS No. 144.

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- |X| During the first quarter of 2002, we began to include Columbia Place in Columbia, SC, in the consolidated financial statements after acquiring an additional 31% interest in the property, which resulted in our owning a 79% controlling interest. In August 2002, we acquired the remaining 21% interest in Columbia Place. Our interest in Columbia Place was previously accounted for using the equity method of accounting.
- |X| In February 2002, we contributed 90% of our interests in Pemberton Plaza, an associated center in Vicksburg, MS, and Massard Crossing and Willowbrook Plaza, community centers located in Ft. Smith, AR, and Houston, TX, respectively, to a joint venture that is accounted for using the equity method of accounting. Prior to the date of contribution, the results of operations of these properties were included in our consolidated statements of operations.

Revenues

The \$49.7 million increase in revenues was primarily attributable to:

- |X| \$21.9 million from an additional month of operations in 2002 related to the Jacobs properties combined with improvements in leasing and occupancy at the Jacobs properties,
- |X| \$30.1 million from the additional nine properties opened or acquired during 2002 and 2001,
- |X| \$5.5 million from both the continued improvement in leasing and occupancy at comparable properties and an increase in lease termination fees of \$1.4 million to \$5.5 million in 2002 compared to \$4.1 million in 2001,
- |X| an increase of \$2.0 million in management, leasing and development fees as a result of management and leasing fees from unconsolidated affiliates that were acquired in the Jacobs transaction and from an unconsolidated affiliate that began operations during 2002
- |X| a reduction of \$5.0 million related to the properties sold during 2001 and
- |X| a reduction of \$6.4 million related to the three properties that were contributed to a joint venture early in 2002.

Operating Expenses

Property operating expenses (including real estate taxes and maintenance and repairs) increased by \$10.7 million due to:

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- |X| an increase of \$4.6 million related to the additional month in 2002 for the Jacobs properties,
- |X| an increase of \$11.4 million related to the other nine properties opened or acquired during 2002 and 2001 and
- |X| a reduction of \$2.3 million related to both the properties sold during 2001 and the three properties contributed to a joint venture in 2002.

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Depreciation and amortization expense increased by \$10.5 million due to:

- |X| an increase of \$2.0 million related to the additional month for the Jacobs properties,
- |X| an additional \$3.5 million related to the other nine properties opened or acquired during 2002 and 2001,
- |X| additional depreciation of \$6.9 million related to the capital expenditures made during 2002 and 2001 in connection with the ongoing renovations at other capital expenditures at existing properties
- |X| a reduction of \$1.9 million related to both the properties sold during 2001 and the three properties contributed to a joint venture.

General and administrative expenses increased \$4.5 million primarily due to additional salaries and benefits for the personnel added to manage the properties acquired during 2002 and 2001. Increased professional fees and the costs to move to our new corporate headquarters also contributed to the increase.

Other Income and Expenses

Interest expense decreased \$13.5 million due to reductions of debt with net proceeds of \$114.7 million from the March 2002 common stock offering and net proceeds of \$96.4 million from the June 2002 preferred stock offering.

The loss on extinguishment of debt decreased from \$13.6 million in 2001 to \$3.9 million in 2002 because we retired less debt subject to prepayment penalties in 2002 as compared to 2001.

The net gain on sales of real estate assets of \$2.8 million in 2002 was related to total gains of \$3.3 million on seven outparcel sales and total losses of \$0.5 million on three outparcel sales. The net gain on sales of \$10.6 million in 2001 includes a net gain on sales of operating properties of \$8.4 million and a net gain of \$1.8 million from sales of nine outparcels.

Equity in earnings of unconsolidated affiliates increased because we acquired additional partnership interests in East Towne Mall, West Towne Mall and West Towne Crossing in Madison, WI, and Kentucky Oaks Mall in Paducah, KY, in March 2002. The increase was offset by the effect of accounting for Columbia Place as a consolidated property in 2002 as compared to an unconsolidated affiliate in 2001.

Five community centers and an office building were sold during 2002 for a net gain on discontinued operations of \$0.4 million. The fluctuation between years in operating income from discontinued operations results from the timing of the dispositions during each year.

OPERATIONAL REVIEW

The shopping center business is, to some extent, seasonal in nature with tenants achieving the highest levels of sales during the fourth quarter because of the holiday season. Additionally, the malls earn most of their "temporary" rents (rents from short-term tenants), during the holiday period. Thus, occupancy levels and revenue production are generally the highest in the fourth quarter of each year. Results of operations realized in any one quarter may not be indicative of the results likely to be experienced over the course of the fiscal year.

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We classify our regional malls into two categories - malls that have completed their initial lease-up ("Stabilized Malls") and malls that are in

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their initial lease-up phase ("Non-Stabilized Malls"). Non-Stabilized Malls currently include The Lakes Mall in Muskegon, MI, which opened in August 2001; and Parkway Place in Huntsville, AL, which opened in October 2002.

We derive a significant amount of our revenues from the mall properties. The sources of our revenues by property type were as follows:

	Year Ended December 31,	
	2003	2002
Malls	85.7%	83.6%
Associated centers	3.6%	3.2%
Community centers	7.8%	10.1%
Mortgages, office building and other	2.9%	3.1%

Sales and Occupancy Costs

Mall store sales (for those tenants who occupy 10,000 square feet or less and have reported sales) in the Stabilized Malls increased by 1.1% on a comparable per square foot basis to \$300.16 per square foot for 2003 compared with \$296.95 per square foot for 2002. The increase in 2003 represented the first year-over-year increase in three years, as sales were either flat or down slightly in those years.

Occupancy costs as a percentage of sales for the Stabilized Malls were 12.2% and 12.0% for 2003 and 2002, respectively.

Occupancy

The occupancy of the portfolio was as follows:

	Year Ended December 31,	
	2003	2002
Total portfolio occupancy	93.3%	93.5%
Total mall portfolio:	94.2%	93.5%
Stabilized Malls	94.4%	94.1%
Non-Stabilized Malls	87.7%	78.5%
Associated centers	88.6%	95.2%
Community centers (1)	91.9%	91.4%

The occupancy of the Associated Centers declined during 2003 because of the vacancy 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

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Hamilton Corner in Chattanooga, TN. The continued vacancy of a 68,000 square foot former Ames store at Westmoreland Crossing, which was vacant when the center was acquired in December 2002, also had a negative impact on the occupancy of the Associated Centers.

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Leasing

Average annual base rents per square foot were as follows for each property type:

	At December 31,	
	2003	2002
Stabilized Malls	\$25.03	\$23.54
Non-Stabilized Malls	25.82	22.78
Associated centers	9.90	9.87
Community centers (1)	9.15	9.61

The increase in average base rents resulted from our ability to achieve positive results from renewal and replacement leasing during 2003 for spaces that were previously occupied as demonstrated in the following table:

	Base Rent Per Square Foot Prior Lease (1)	Base Rent Per Square Foot New Lease (2)	Increase
Stabilized Malls	\$22.47	\$24.50	9.0%
Associated centers	13.66	13.99	2.4%
Community centers (3)	11.40	11.78	3.3%

LIQUIDITY AND CAPITAL RESOURCES

There was \$20.3 million of unrestricted cash and cash equivalents as of December 31, 2003, an increase of \$7.0 million from December 31, 2002. Cash flows from operations are used to fund short-term liquidity and capital needs such as tenant construction allowances, capital expenditures and payments of dividends and distributions. For longer-term liquidity needs such as acquisitions, new developments, renovations and expansions, we typically rely on property specific mortgages (which are generally non-recourse), construction and term loans, revolving lines of credit, common stock, preferred stock, joint venture investments and a minority interest in the Operating Partnership.

Cash Flows

Cash provided by operating activities increased \$0.4 million to \$274.3 million. Although the addition of New Properties and Newly Consolidated Properties, combined with improved results at existing centers, contributed to an increase in operating cash flows, the increase was offset by decreases

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related to the timing of reductions in accounts payable and accrued liabilities.

Cash used in investing activities increased \$58.8 million to \$333.4 million. Cash used to acquire real estate assets increased by \$106.8 million to \$273.3 million due to the acquisition of six malls and two associated centers during 2003 compared to three malls and one associated center acquired in 2002. Cash paid for capital expenditures increased \$45.5 million to \$227.4 million primarily due to the Company's investments in development projects, the renovations of six malls in 2003 and expenditures for tenant allowances and deferred maintenance. The increases in cash outflows for investing activities were offset by an increase of \$121.0 million in net proceeds received from sales of real estate assets to \$205.8 million as a result of the Galileo Transaction and the sales of six community centers and 20 outparcels in 2003 compared to five community centers, an office building and 10 outparcels sold in 2002.

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Additionally, we paid \$21.0 million to purchase the minority interest held by one of our former executive officers who retired in 1997.

Cash provided by financing activities increased \$62.1 million to \$66.0 million in 2003 compared to \$3.9 million in 2002. The increase was primarily due to a significant reduction in the amount of debt retired in 2003 compared to 2002. This was partially offset by the redemption of our 9.0% Series A preferred stock and an increase in dividends and distributions paid.

Debt

The following tables summarize debt based on our pro rata ownership share (including our pro rata share of unconsolidated affiliates and excluding minority investors' share of consolidated properties) because we believe this provides investors a clearer understanding of our total debt obligations and liquidity (in thousands):

	Consolidated	Minority Interests	Unconsolidat Affiliate
DECEMBER 31, 2003:			
Fixed-rate debt:			
Non-recourse loans on operating properties	\$2,256,544	\$ (19,577)	\$ 57,9
Variable-rate debt:			
Recourse term loans on operating properties	105,558	--	30,3
Construction loans	--	--	46,8
Lines of credit	376,000	--	
Total variable-rate debt	481,558	--	77,1
Total	\$2,738,102	\$ (19,577)	\$ 135,1

DECEMBER 31, 2002:

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Fixed-rate debt:			
Non-recourse loans on operating properties	\$1,867,915	\$ (20,127)	\$ 38,2

Variable-rate debt:			
Recourse term loans on operating properties	290,954	--	28,2
Construction loans	21,935	(1,795)	
Lines of credit	221,275	--	

Total variable-rate debt	534,164	(1,795)	28,2

Total	\$2,402,079	\$ (21,922)	\$ 66,4
=====			

On February 28 2003, we entered into a new secured credit facility for \$255.0 million that replaced both a secured credit facility of \$130.0 million and an unsecured credit facility of \$105.3 million. By entering into the new credit facility, we were able to lower the interest rate to LIBOR plus 1.00% from LIBOR plus 1.5% on the previous unsecured line of credit. We currently have four secured credit facilities with total availability of \$365.0 million, of which \$304.0 million was outstanding as of December 31, 2003. There were also letters of credit totaling \$17.3 million outstanding under these secured credit facilities as of December 31, 2003. The secured credit facilities bear interest at LIBOR plus 1.00%.

We have a short-term, unsecured credit facility of \$130.0 million that matures May 31, 2004 and bears interest at LIBOR plus 1.30%. We have the option to extend the maturity to September 30, 2004. We obtained this credit facility to provide resources for the acquisitions that were completed during the fourth quarter of 2003. There was \$72.0 million outstanding under this facility at December 31, 2003.

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We also have secured lines of credit with total availability of \$21.6 million that can only be used to issue letters of credit. There was \$16.6 million outstanding under these lines at December 31, 2003.

On September 12, 2003, we closed four long-term, non-recourse, fixed-rate mortgage loans totaling \$196.0 million that are secured by three of our regional malls and one associated center. The loans bear interest at rates ranging from 4.52% to 5.45% and have terms of five to ten years.

We assumed \$209.8 million of debt in connection with the acquisitions completed during 2003. The loan of \$40.0 million related to Sunrise Mall bears interest at LIBOR plus 3.00%, with a minimum rate of 4.90%, and matures in May 2004. The loan on Sunrise Mall was assumed subject to a pre-existing interest rate cap agreement of 5.50% that also matures in May 2004. The remaining loans that were assumed during 2003 bear interest at fixed rates ranging from 7.00% to 8.60% and mature at various dates from January 2007 to May 2012. Since the stated interest rates on the fixed-rate loans were above market rates for similar debt instruments as of the respective dates of acquisition, debt premiums of \$26.3 million were recorded to reflect the assumed debt at estimated fair values.

The secured and unsecured credit facilities contain, among other restrictions, certain financial covenants including the maintenance of certain coverage ratios, minimum net worth requirements, and limitations on cash flow distributions. We were in compliance with all financial covenants and restrictions under our credit facilities at December 31, 2003. Additionally,

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certain property-specific mortgage notes payable require the maintenance of debt service coverage ratios. At December 31, 2003, the properties subject to these mortgage notes payable were in compliance with the applicable ratios.

We expect to refinance the majority of mortgage and other notes payable maturing over the next five years with replacement loans. Based on our pro rata share of total debt, there is \$238.3 million of debt that is scheduled to mature in 2004. There are extension options in place that will extend the maturity of \$94.3 million of this debt to 2005. We repaid \$32.0 million of these loans subsequent to December 31, 2003, and expect to either repay or refinance the remaining \$112.0 million of maturing loans.

Equity

On August 22, 2003, we issued 4,600,000 depository shares in a public offering, each representing one-tenth of a share of 7.75% Series C cumulative redeemable preferred stock with a par value of \$0.01 per share. The Series C preferred stock has a liquidation preference of \$250.00 per share (\$25.00 per depository share). The net proceeds of \$111.2 million were used to partially fund acquisitions and for general corporate purposes.

We redeemed the remaining 2,675,000 outstanding shares of the 9.0% Series A cumulative redeemable preferred stock at its face value of \$25.00 per share plus accrued and unpaid dividends on November 28, 2003. We also recorded a charge of \$2.2 million to write-off direct issuance costs that were recorded as a reduction of additional paid-in capital when the Series A preferred stock was issued. The charge was reflected in preferred dividends in the consolidated statement of operations.

As a publicly traded company, we have access to capital through both the public equity and debt markets. We have an effective shelf registration statement authorizing us to publicly issue shares of preferred stock, common stock and warrants to purchase shares of common stock with an aggregate public offering price up to \$562.0 million, of which approximately \$447.0 million remains after the Series C preferred stock offering.

We anticipate that the combination of equity and debt sources will, for the foreseeable future, provide adequate liquidity to continue our capital programs substantially as in the past and make distributions to our shareholders in accordance with the requirements applicable to real estate investment trusts.

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Our policy is to maintain a conservative debt-to-total-market capitalization ratio in order to enhance our access to the broadest range of capital markets, both public and private. Based on our share of total consolidated and unconsolidated debt and the market value of equity, our debt-to-total-market capitalization (debt plus market-value equity) ratio was as follows at December 31, 2003 (in thousands, except stock prices):

	Shares Outstanding	Stock Price (1)	
		-----	-----
Common stock and operating partnership units	55,546	\$ 56.50	\$3
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			3
Company's share of total debt			2

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Total market capitalization

\$6
=====

Debt-to-total-market capitalization ratio

=====

Contractual Obligations

The following table summarizes our significant contractual obligations as of December 31, 2003 (dollars in thousands):

	Total	Less Than 1 Year

Payment		

Long-term debt:		
Total consolidated debt service (1)	\$3,593,528	\$425,843
Minority investors' share of debt service in shopping center properties	(24,978)	(1,982)
Our share of unconsolidated affiliates debt service (2)	132,736	37,138
Our share of total debt service obligations	3,701,286	460,999

Operating Leases:(3)		
Ground leases on consolidated properties	23,648	559
Our share of ground leases on unconsolidated affiliates	5,601	62
Our share of total ground lease obligations	29,249	621

Purchase Obligations: (4)		
Construction contracts on consolidated properties	49,559	49,559
Our share of construction contracts of unconsolidated affiliates	17,229	15,130
Our share of total construction contracts	66,788	64,689

Letters of credit (5)	33,955	26,773

Other long-term liabilities:		
Master lease obligation to Galileo America (6)	2,184	436

Total contractual obligations	\$3,833,462	\$553,518
=====		

Capital Expenditures

We expect to continue to have access to the capital resources necessary to expand and develop our business. Future development and acquisition activities will be undertaken as suitable opportunities arise. We do not expect to pursue these activities unless adequate sources of financing are available and a satisfactory budget with targeted returns on investment has been internally approved.

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An annual capital expenditures budget is prepared for each property that is intended to provide for all necessary recurring and non-recurring capital expenditures. We believe that property operating cash flows, which include reimbursements from tenants for certain expenses, will provide the necessary funding for these expenditures.

Developments and Expansions

The following is a summary of the projects currently under construction (dollars in thousands):

Property	Location	Gross Leasable Area	Our Share of Cost	Co De

New Mall Developments:				

Coastal Grand (50/50 joint venture)	Myrtle Beach, SC	908,000	\$ 60,422	
Imperial Valley Mall (60/40 joint venture)	El Centro, CA	741,000	44,200	
Mall Expansions:				

Arbor Place (Rich's-Macy's)	Douglasville, GA	140,000	10,000	
East Towne Mall	Madison, WI	139,000	20,529	
West Towne Mall	Madison, WI	94,000	16,165	
Associated Centers:				

The Shoppes at Panama City	Panama City, FL	56,000	9,607	
Community Centers:				

Garden City Plaza Expansion	Garden City, KS	26,500	2,412	
Wilkes-Barre Township Marketplace	Wilkes-Barre Township, PA	281,000	9,792	
Charter Oak Marketplace	Hartford, CT	312,000	13,257	
		-----	-----	
		2,697,500	\$186,384	
		=====	=====	

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There are construction loans in place for the costs of the new mall developments. The costs of the remaining projects will be funded with operating cash flows and the credit facilities.

We have entered into a number of option agreements for the development of future regional malls and community centers. Except for the projects discussed under Developments and Expansions above, we do not have any other material capital commitments.

Acquisitions

We acquired six malls and two associated centers during 2003 for an aggregate purchase price of \$494.6 million, including transaction costs. We assumed \$209.8 million of debt and paid \$273.1 million in cash to fund the

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purchase prices of these acquisitions. The cash portion of the purchase prices was funded with borrowings under the credit facilities, proceeds from the Series C preferred stock offering and proceeds from the Galileo Transaction. These acquisitions are expected to generate an initial weighted-average, unleveraged return of 8.58%.

Dispositions

During 2003, we generated aggregate net proceeds of \$284.3 million from the Galileo Transaction, the sales of six community centers and the sales of 20 outparcels. The net proceeds were used to either fund acquisitions, reduce borrowings under the credit facilities or were placed in escrow to be used in like-kind exchanges. In January 2004, we sold six additional community centers to Galileo America. The net proceeds of \$62.7 million were used to deposit funds in escrow to be used in like-kind exchanges and to reduce outstanding balances under our lines of credit.

Other Capital Expenditures

Including our share of unconsolidated affiliates' capital expenditures, we spent \$35.0 million in 2003 for tenant allowances, which generate increased rents from tenants over the terms of their leases. Deferred maintenance expenditures were \$21.0 million for 2003 and included \$3.1 million for resurfacing and improved lighting of parking lots, \$5.1 million for roof repairs and replacements and \$12.8 million for various other expenditures. Renovation expenditures were \$68.5 million in 2003 and included \$9.7 million for resurfacing and improved lighting of parking lots and \$4.6 million for roof repairs and replacements.

Deferred maintenance expenditures are billed to tenants as common area maintenance expense, and most are recovered over a 5- to 15-year period. Renovation expenditures are primarily for remodeling and upgrades of malls, of which approximately 30% is recovered from tenants over a 5- to 15-year period.

We expect to complete three renovation projects during 2004 at a total estimated cost of \$22.5 million, which will be funded from operating cash flows.

OFF-BALANCE SHEET ARRANGEMENTS

Unconsolidated Affiliates

We have ownership interests in ten unconsolidated affiliates that are described in Note 5 to the consolidated financial statements. The unconsolidated affiliates are accounted for using the equity method of accounting and are reflected in the consolidated balance sheets as "Investments in Unconsolidated Affiliates." The following are circumstances when we may consider entering into a joint venture with a third party:

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[X] Third parties may approach us with opportunities where they have obtained land and performed some pre-development activities, but they may not have sufficient access to the capital resources or the development and leasing expertise to bring the project to fruition. We enter into such arrangements when we determine such a project is viable and we can achieve a satisfactory return. We typically earn development fees from the joint venture and provide management and leasing services to the property once it is placed in operation.

[X] We determine that we may have the opportunity to capitalize on

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the value we have created in a property by selling an interest in a property to a third party. This provides us with an additional source of capital that can be used to develop or acquire additional real estate assets that we believe will provide greater potential for growth. When we retain an interest in an asset rather than selling a 100% interest, it is typically because this allows us to continue to manage the property, which provides us the opportunity to earn fees for management, leasing, development, financing and acquisition services provided to the joint venture.

Guarantees

We have guaranteed 100% of the debt to be incurred to develop the properties that will be owned by two of our joint ventures and 50% of the debt of another joint venture. We have issued these guarantees primarily because it allows the joint ventures to obtain funding at a lower cost than could be obtained otherwise. This results in a higher return for the joint venture on its investment, and in a higher return on our investment in the joint venture. We may receive a fee from the joint venture for providing the guaranty. Additionally, when we are required to perform under a guaranty, the terms of the guaranty typically provide that the joint venture partners' interests in the joint venture is assigned to us, to the extent of our guaranty.

The Company's guarantees and the related accounting are more fully described in Note 17 to the consolidated financial statements.

CRITICAL ACCOUNTING POLICIES

Our significant accounting policies are disclosed in Note 2 to the consolidated financial statements. The following discussion describes our most critical accounting policies, which are those that are both important to the presentation of our financial condition and results of operations and that require significant judgment or use of complex estimates.

Revenue Recognition

Minimum rental revenue from operating leases is recognized on a straight-line basis over the initial terms of the related leases. Certain tenants are required to pay percentage rent if their sales volumes exceed thresholds specified in their lease agreements. Percentage rent is recognized as revenue when the thresholds are achieved and the amounts become determinable.

We receive reimbursements from tenants for real estate taxes, insurance, common area maintenance, and other recoverable operating expenses as provided in the lease agreements. Tenant reimbursements are recognized as revenue in the period the related operating expenses are incurred. Tenant reimbursements related to certain capital expenditures are billed to tenants over periods of 5 to 15 years and are recognized as revenue when billed.

We receive management, leasing and development fees from third parties and unconsolidated affiliates. Management fees are charged as a percentage of revenues (as defined in the management agreement) and are recognized as revenue when earned. Development fees are recognized as revenue on a pro rata basis over the development period. Leasing fees are charged for newly executed leases and lease renewals and are recognized as revenue when earned. Development and

leasing fees received from unconsolidated affiliates during the development

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period are recognized as revenue to the extent of the third-party partners' ownership interest. Fees to the extent of our ownership interest are recorded as a reduction to our investment in the unconsolidated affiliate.

Gains on sales of real estate assets are recognized when it is determined that the sale has been consummated, the buyer's initial and continuing investment is adequate, our receivable, if any, is not subject to future subordination, and the buyer has assumed the usual risks and rewards of ownership of the asset. When we have an ownership interest in the buyer, gain is recognized to the extent of the third party partner's ownership interest and the portion of the gain attributable to our ownership interest is deferred.

Real Estate Assets

We capitalize predevelopment project costs paid to third parties. All previously capitalized predevelopment costs are expensed when it is no longer probable that the project will be completed. Once development of a project commences, all direct costs incurred to construct the project, including interest and real estate taxes, are capitalized. Additionally, certain general and administrative expenses are allocated to the projects and capitalized based on the amount of time applicable personnel work on the development project. Ordinary repairs and maintenance are expensed as incurred. Major replacements and improvements are capitalized and depreciated over their estimated useful lives.

All acquired real estate assets are accounted for using the purchase method of accounting and accordingly, the results of operations are included in the consolidated statements of operations from the respective dates of acquisition. The purchase price is allocated to (i) tangible assets, consisting of land, buildings and improvements, and tenant improvements, (ii) and identifiable intangible assets generally consisting of above- and below-market leases and in-place leases. We use estimates of fair value based on estimated cash flows, using appropriate discount rates, and other valuation methods to allocate the purchase price to the acquired tangible and intangible assets. Liabilities assumed generally consist of mortgage debt on the real estate assets acquired. Assumed debt with a stated interest rate that is significantly different from market interest rates is recorded at its fair value based on estimated market interest rates at the date of acquisition.

Depreciation is computed on a straight-line basis over estimated lives of 40 years for buildings, 10 to 20 years for certain improvements and 7 to 10 years for equipment and fixtures. Tenant improvements are capitalized and depreciated on a straight-line basis over the term of the related lease. Lease-related intangibles from acquisitions of real estate assets are amortized over the remaining terms of the related leases. Any difference between the face value of the debt assumed and its fair value is amortized to interest expense over the remaining term of the debt using the effective interest method.

Carrying Value of Long-Lived Assets

We periodically evaluate long-lived assets to determine if there has been any impairment in their carrying values and record impairment losses if the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts or if there are other indicators of impairment. If it is determined that an impairment has occurred, the excess of the asset's carrying value over its estimated fair value will be charged to operations. There were no impairment charges in 2003, 2002 and 2001.

RECENT ACCOUNTING PRONOUNCEMENTS

In May 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical

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Corrections," which rescinds SFAS No. 4. As a result, gains and losses from extinguishments of debt should be classified as extraordinary items only if they meet the criteria of Accounting Principles Board Opinion No. 30 ("APB 30"). We

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adopted SFAS No. 145 on January 1, 2003 and have presented losses from extinguishments of debt as an ordinary expense in all periods presented.

In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, an interpretation of SFAS No. 5, 57, and 107, and rescission of FASB Interpretation No. 34." The interpretation elaborates on the disclosures to be made by a guarantor in its financial statements. It also requires a guarantor to recognize a liability for the fair value of the obligation undertaken in issuing the guarantee at the inception of a guarantee. We adopted the disclosure provisions of FASB Interpretation No. 45 in the fourth quarter 2002 and adopted the remaining provisions effective January 1, 2003. See Note 17 for disclosures related to our guarantees.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51." The interpretation requires the consolidation of entities in which an enterprise absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interests in the entity. Currently, entities are generally consolidated by an enterprise when it has a controlling financial interest through ownership of a majority voting interest in the entity. FASB Interpretation No. 46 was revised in December 2003 and the adoption date was postponed until the first interim or annual period ending after March 15, 2004. Although we are still evaluating the impact of the revised interpretation, we believe it is reasonably possible that one unconsolidated affiliate that is currently accounted for using the equity method may be a variable interest entity under the provisions of the interpretation. We own a 10% interest and have a total investment of \$18,690 in this unconsolidated affiliate, which owns one associated center and two community centers.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. In particular, SFAS No. 149 clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative as discussed in SFAS No. 133 and it clarifies when a derivative contains a financing component that warrants special reporting in the statement of cash flows. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003 and is to be applied prospectively. We did not engage in any activities after June 30, 2003 to which SFAS No. 149 applied. We do not believe that the implementation of SFAS No. 149 will materially change our accounting for the kinds of derivatives that we have typically obtained in the course of our regular financing activities.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity", which specifies that instruments within its scope are obligations of the issuer and, therefore, the issuer must classify them as liabilities. Financial instruments within the scope of the pronouncement include mandatorily redeemable financial instruments, obligations to repurchase the issuer's equity shares by transferring assets, and certain obligations to issue a variable number of

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shares. SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003. However, on October 29, 2003, the FASB indefinitely deferred the provisions of paragraphs 9 and 10 of SFAS No. 150 related to noncontrolling interests in limited-life subsidiaries. If we were required to comply with the provisions of paragraphs 9 and 10 of SFAS 150 as currently drafted, we would reclassify amounts currently included in minority interests of \$2,730 and record the minority partners' interest as a liability at its estimated current liquidation amount, which would result in a charge to earnings of \$12,941. This liability would be reviewed each quarter and changes in its current liquidation amount recorded through interest expense.

IMPACT OF INFLATION

In the last three years, inflation has not had a significant impact on our operations because of the relatively low inflation rate. Substantially all tenant leases do, however, contain provisions designed to protect us from the impact of inflation. These provisions include clauses enabling us to receive percentage rent based on tenants' gross sales, which generally increase as prices rise, and/or escalation clauses, which generally increase rental rates

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during the terms of the leases. In addition, many of the leases are for terms of less than 10 years which may provide us the opportunity to replace existing leases with new leases at higher base and/or percentage rent if rents of the existing leases are below the then existing market rate. Most of the leases require the tenants to pay their share of operating expenses, including common area maintenance, real estate taxes and insurance, which reduces our exposure to increases in costs and operating expenses resulting from inflation.

FUNDS FROM OPERATIONS

Funds From Operations ("FFO") is a widely used measure of the operating performance of real estate companies that supplements net income determined in accordance with generally accepted accounting principles ("GAAP"). The National Association of Real Estate Investment Trusts ("NAREIT") 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. Adjustments for unconsolidated partnerships and joint ventures are calculated on the same basis. We define FFO available for distribution as defined above by NAREIT less dividends on preferred stock. During the first quarter of 2003, we began to include gains and losses on sales of outparcels in FFO to comply with the Securities and Exchange Commission's rules related to disclosure of non-GAAP financial measures. FFO for prior periods has been restated to include gains and losses on sales of outparcels. Our method of calculating FFO may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

We believe that FFO provides an additional indicator of the operating performance of our 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 with market conditions, we believe that FFO enhances investors' understanding of our operating performance. The use of FFO as an indicator of financial performance is influenced not only by the operations of our properties and interest rates, but also by our capital structure. Accordingly, FFO will be one of the significant factors considered by the board of directors in determining the amount of cash distributions the Operating Partnership will make to its partners, including the REIT.

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FFO does not represent cash flows 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 our operating performance or to cash flow as a measure of liquidity.

FFO increased 15.3% in 2003 to \$271.6 million compared to \$235.5 million in 2002. The New Properties and the Newly Consolidated Properties generated 62.7% of the growth in FFO. Consistently high portfolio occupancy, increases in rental rates from renewal and replacement leasing and increased recoveries of operating expenses accounted for the remaining 37.3% growth in FFO.

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

	Year Ended D	
	2003	2002
Net income available to common shareholders	\$124,506	\$ 73,000
Add:		
Depreciation and amortization from consolidated properties	113,481	94,000
Depreciation and amortization from unconsolidated affiliates	4,307	4,000
Depreciation and amortization from discontinued operations	309	
Minority interest in earnings of operating partnership	106,532	64,000
Less:		
Gains on disposal of operating real estate assets	(71,886)	
Minority investors' share of depreciation and amortization	(1,111)	(1,000)
Gain on discontinued operations	(4,042)	
Depreciation and amortization of non-real estate assets	(508)	
Funds from operations	\$271,588	\$235,000
FFO applicable to Company shareholders	\$146,552	\$126,000

SUPPLEMENTAL FFO INFORMATION:

Straight-line rental income	\$ 3,703	\$ 4,000
Gains on outparcel sales	\$ 6,058	\$ 2,000
Rental revenue recognized under SFAS Nos. 141 and 142	\$ 333	\$ 0
Amortization of debt premiums	\$ 678	\$ 0

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company has exposure to interest rate risk on its debt obligations and derivative financial instruments. We use derivative financial instruments to manage exposure to changes in interest rates and not for speculative purposes. The Company's interest rate risk management policy requires that derivative

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instruments be used for hedging purposes only and that they be entered into only with major financial institutions based on their credit ratings and other factors.

Based on our proportionate share of consolidated and unconsolidated variable-rate debt at December 31, 2003, a 0.5% increase or decrease in interest rates on variable rate debt would increase or decrease annual cash flows by approximately \$2.8 million and, after the effect of capitalized interest, annual earnings by approximately \$2.7 million.

Based on our proportionate share of total consolidated and unconsolidated debt at December 31, 2003, a 0.5% increase in interest rates would decrease the fair value of debt by approximately \$57.5 million, while a 0.5% decrease in interest rates would increase the fair value of debt by approximately \$59.3 million.

The Company had one interest rate cap agreement of 5.50% on \$40.0 million of variable-rate debt. The interest rate cap matures in May 2004 and its fair value was zero at December 31, 2003.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Reference is made to the Index to Financial statements contained in Item 15 on page 55.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Information regarding the change in the Company's independent public accountants was previously reported in the Company's Current Report on Form 8-K dated May 13, 2002, filed with the Securities and Exchange Commission (the "Commission").

ITEM 9A. CONTROLS AND PROCEDURES

As of the end of the period covered by this annual report, an evaluation was performed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer and with the participation of the Company's management, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective. No change in the Company's internal control over financial reporting occurred during the fourth fiscal quarter of the period covered by this annual report that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Incorporated herein by reference to the sections entitled "Election of Directors," "Directors and Executive Officers," "Certain Terms of the Jacobs Acquisition," "Corporate Governance Matters," and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's most recent definitive proxy statement filed with the Securities and Exchange Commission (the "Commission") with respect to its Annual Meeting of Stockholders to be held on May 10, 2004.

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Pursuant to the mandates of Sarbanes-Oxley Act of 2002, the Company's Board of Directors has determined that Winston W. Walker, an Independent Director and Chairman of the Audit Committee, qualifies as an "audit committee financial expert" as such term is defined by the rules of the Securities and Exchange Commission.

ITEM 11. EXECUTIVE COMPENSATION.

Incorporated herein by reference to the sections entitled "Compensation of Directors" and "Executive Compensation" in the Company's most recent definitive proxy statement filed with the Commission with respect to its Annual Meeting of Stockholders to be held on May 10, 2004.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Incorporated herein by reference to the sections entitled "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information as of December 31, 2003", in the Company's most recent definitive proxy statement filed with the Commission with respect to its Annual Meeting of Stockholders to be held on May 10, 2004.

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Incorporated herein by reference to the section entitled "Certain Relationships and Related Transactions" in the Company's most recent definitive proxy statement filed with the Commission with respect to its Annual Meeting of Stockholders to be held on May 10, 2004.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Incorporated herein by reference to the section entitled "Independent Public Accountants' Fees and Services" under "RATIFICATION OF THE SELECTION OF INDEPENDENT PUBLIC ACCOUNTANTS" in the Company's most recent definitive proxy statement filed with the Commission with respect to its Annual Meeting of Stockholders to be held on May 10, 2004.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

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of Cash Flows for the Years Ended December 31, 2003,
2002 and 2001

Notes to Financial Statements 60

(2) Financial Statement Schedules

Schedule II Valuation and Qualifying Accounts	86
Schedule III Real Estate and Accumulated Depreciation	87
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Financial statement schedules not listed herein are either not required or are not present in amounts sufficient to require submission of the schedule or the information required to be included therein is included in the Company's consolidated financial statements in Item 15 or are reported elsewhere.

(3) Exhibits

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Exhibit

Number

Description

- 3.1 -- Amended and Restated Certificate of Incorporation of the Company, dated November 2, 1993(a)
- 3.2 -- Amended and Restated Bylaws of the Company, dated October 27, 1993(a)
- 3.3 -- Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company, dated May 2, 1996 (p)
- 3.4 -- Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company, dated January 31, 2001 (p)
- 4.1 -- See Amended and Restated Certificate of Incorporation of the Company, relating to the Common Stock(a)
- 4.2 -- Certificate of Designations, dated June 25, 1998, relating to the 9.0% Series A Cumulative Redeemable Preferred Stock (p)
- 4.3 -- Certificate of Designation, dated April 30, 1999, relating to the Series 1999 Junior Participating Preferred Stock (p)
- 4.4 -- Terms of Series J Special Common Units of the Operating Partnership, pursuant to Article 4.4 of the Second Amended and Restated Partnership Agreement of the Operating Partnership (p)
- 4.5 -- Certificate of Designations, dated June 11, 2002, relating to the 8.75% Series B Cumulative Redeemable Preferred Stock (r)
- 4.6 -- Acknowledgement Regarding Issuance of Partnership Interests and Assumption of Partnership Agreement (t)
- 4.7 -- Certificate of Designations, dated August 13, 2003, relating to the 7.75% Series C Cumulative Redeemable Preferred Stock(s)
- 10.1.1 -- Second Amended and Restated Agreement of the Operating Partnership dated June 30, 1998(1)
- 10.1.2 -- First Amendment to Second Amended and Restated Agreement of Limited

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Partnership of the Operating Partnership, dated January 31, 2001 (p)

10.1.3 -- Second Amendment to Second Amended and Restated Agreement of the Operating Partnership dated February 15, 2002 (t)

10.2.1 -- Rights Agreement by and between the Company and BankBoston, N.A., dated as of April 30, 1999(m)

10.2.2 -- Amendment No. 1 to Rights Agreement by and between the Company and SunTrust Bank (successor to BankBoston), dated January 31, 2001 (p)

10.3 -- Property Management Agreement between the Operating Partnership and the Management Company(a)

10.4 -- Property Management Agreement relating to Retained Properties(a)

10.5.1 -- CBL & Associates Properties, Inc. 1993 Stock Incentive Plan(a)+

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10.5.2 -- Form of Non-Qualified Stock Option Agreement for all participants+ (t)

10.5.3 -- Form of Stock Restriction Agreement for all restricted stock awards+ (t)

10.5.4 -- Deferred Compensation Arrangement, dated January 1, 1997, for Eric P. Snyder+ (t)

10.6 -- Indemnification Agreements between the Company and the Management Company and their officers and directors(a)

10.7.1 -- Employment Agreement for Charles B. Lebovitz(a)+

10.7.2 -- Employment Agreement for John N. Foy(a)+

10.7.3 -- Employment Agreement for Stephen D. Lebovitz(a)+

10.8 -- Subscription Agreement relating to purchase of the Common Stock and Preferred Stock of the Management Company(a)

10.9.1 -- Option Agreement relating to certain Retained Properties(a)

10.9.2 -- Option Agreement relating to Outparcels(a)

10.10.1 -- Property Partnership Agreement relating to Hamilton Place(a)

10.10.2 -- Property Partnership Agreement relating to CoolSprings Galleria(a)

10.11.1 -- Acquisition Option Agreement relating to Hamilton Place(a)

10.11.2 -- Acquisition Option Agreement relating to the Hamilton Place Centers(a)

10.12.1 -- Revolving Credit Agreement between the Operating Partnership and First Tennessee Bank, National Association, dated as of March 2, 1994(b)

10.12.2 -- Revolving Credit Agreement, between the Operating Partnership and Wells Fargo Advisors Funding, Inc., NationsBank of Georgia, N.A. and First Bank National Association, dated July 28, 1994 (c)

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- 10.12.3 -- Revolving Credit Agreement, between the Operating Partnership and American National Bank and Trust Company of Chattanooga (now Suntrust Bank), dated October 14, 1994 (d)
- 10.13-- Amended and Restated Loan Agreement between the Operating Partnership and First Tennessee Bank National Association, dated July 12, 1995(e)
- 10.14-- Second Amendment to Credit Agreement between the Operating Partnership and Wells Fargo Realty Advisors Funding, Inc., dated July 5, 1995(e)
- 10.15-- Amended and Restated Credit Agreement between the Operating Partnership and Wells Fargo Bank N.A. et al., dated September 26, 1996(f)
- 10.16-- Promissory Note Agreement between the Operating Partnership and Compass Bank dated, September 17, 1996 (f)
- 10.17.1 -- Amended and Restated Credit Agreement between the Operating Partnership and First Tennessee Bank et al., dated February 24, 1997(g)

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- 10.17.2 -- Amended and Restated Credit Agreement between the Operating Partnership and First Tennessee Bank et al., dated July 29, 1997(h)
- 10.17.3 -- Second Amended and Restated Credit Agreement between the Operating Partnership and Wells Fargo Bank N.A. et al., dated June 5, 1997, effective April 1, 1997(h)
- 10.17.4 -- First Amendment to Second Amended and Restated Credit Agreement between the Operating Partnership and Wells Fargo Bank N.A. et al., dated November 11, 1997(h)
- 10.18 -- Loan agreement with South Trust Bank, dated January 15 , 1998(i)
- 10.19-- Loan agreement between Rivergate Mall Limited Partnership, The Village at Rivergate Limited Partnership, Hickory Hollow Mall Limited Partnership, and The Courtyard at Hickory Hollow Limited Partnership and Midland Loan Services, Inc., dated July 1, 1998(j)
- 10.20.1 -- Amended and restated Loan Agreement between the Company and First Tennessee Bank National Association, dated June 12, 1998(k)
- 10.20.2 -- First Amendment To Third Amended And Restated Credit Agreement and Third Amended And Restated Credit Agreement between the Company and Wells Fargo Bank, National Association, dated August 4, 1998(k)
- 10.21.1 -- Master Contribution Agreement, dated as of September 25, 2000, by and among the Company, the Operating Partnership and the Jacobs entities (n)
- 10.21.2 -- Amendment to Master Contribution Agreement, dated as of September 25, 2000, by and among the Company, the Operating Partnership and the Jacobs entities(o)
- 10.22-- Share Ownership Agreement by and among the Company and its related parties and the Jacobs entities, dated as of January 31, 2001(o)
- 10.23.1 -- Registration Rights Agreement by and between the Company and the

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Holders of SCU's listed on Schedule 1 thereto, dated as of January 31, 2001(o)

- 10.23.2 -- Registration Rights Agreement by and between the Company and Frankel Midland Limited Partnership, dated as of January 31, 2001(o)
- 10.23.3 -- Registration Rights Agreement by and between the Company and Hess Abroms Properties of Huntsville, dated as of January 31, 2001(o)
- 10.24-- Loan Agreement by and between the Operating Partnership, Wells Fargo Bank, National Association, Fleet National Bank, U.S. Bank National Association, Commerzbank AG, New York And Grand Cayman Branches, and Keybank National Association, together with certain other lenders parties thereto pursuant to Section 8.6 thereof, dated as of January 31, 2001(o)
- 16 -- Letter from Arthur Andersen LLP regarding dismissal as the Company's independent public accountant (q)
- 21 -- Subsidiaries of the Company, see page 98
- 23 -- Consent of Deloitte & Touche LLP, see page 105

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- 24 -- Power of Attorney, see page 106
- 31.1 -- Certification pursuant to Securities Exchange Act Rule 13a-14(a) by the Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, see page 107
- 31.2 -- Certification pursuant to Securities Exchange Act Rule 13a-14(a) by the Chief Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, see page 108
- 32.1 -- Certification pursuant to Securities Exchange Act Rule 13a-14(b) by the Chief Executive Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, see page 109
- 32.2 -- Certification pursuant to Securities Exchange Act Rule 13a-14(b) by the Chief Financial Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, see page 110

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- (a) Incorporated by reference to Post-Effective Amendment No. 1 to the Company's Registration Statement on Form S-11 (No. 33-67372), as filed with the Commission on January 27, 1994.
 - (b) Incorporated herein by reference to the Company's Annual Report in Form 10-K for the fiscal year ended December 31, 1993.
 - (c) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994.
 - (d) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1994.
 - (e) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995.
 - (f) Incorporated by reference to the Company's Quarterly Report on Form 10-Q

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for the quarter ended September 30, 1996.

- (g) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.
- (h) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997.
- (i) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998.
- (j) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998.
- (k) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998.
- (l) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999.
- (m) Incorporated by reference to the Company's Current Report on Form 8-K, filed on May 4, 1999.
- (n) Incorporated by reference from the Company's Current Report on Form 8-K, filed on October 27, 2000.

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- (o) Incorporated by reference from the Company's Current Report on Form 8-K, filed on February 6, 2001.
- (p) Incorporated by reference from the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001.
- (q) Incorporated by reference from the Company's Current Report on Form 8-K, filed on May 13, 2002.
- (r) Incorporated by reference from the Company's Current Report on Form 8-K, dated June 10, 2002, filed on June 17, 2002.
- (s) Incorporated by reference from the Company's Registration Statement on Form 8-A, filed on August 21, 2003.
- (t) Incorporated by reference from the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002.

+ A management contract or compensatory plan or arrangement required to be filed pursuant to Item 14(c) of this report.

- (b) Reports on Form 8-K

The Company's earnings release for the quarter and year ended December 31, 2003, the transcript of the Company's investor conference call and the Company's supplemental information package for the quarter and year ended December 31, 2003 were furnished on February 5, 2004.

Additional information related to the outlook and guidance the Company provided for 2004 in its earnings release for the quarter and year ended December 31, 2003 was furnished on February 5, 2004.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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. (Registrant)

By: /s/ Charles B. Lebovitz

 Charles B. Lebovitz
 Chairman of the Board
 and Chief Executive Officer

Dated: March 23, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Charles B. Lebovitz ----- Charles B. Lebovitz	Chairman of the Board, and Chief Executive Officer (Principal Executive Officer)	March
/s/ John N. Foy ----- John N. Foy	Vice Chairman of the Board, Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)	March
/s/ Stephen D. Lebovitz* ----- Stephen D. Lebovitz	Director, President and Secretary	March
/s/ Claude M. Ballard* ----- Claude M. Ballard	Director	March
/s/ Leo Fields* ----- Leo Fields	Director	March
/s/ William J. Poorvu* ----- William J. Poorvu	Director	March
/s/ Winston W. Walker* ----- Winston W. Walker	Director	March

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/s/ Gary L. Bryenton*

Director

March

Gary L. Bryenton

/s/ Martin J. Cleary*

Director

March

Martin J. Cleary

*By: /s/ Charles B. Lebovitz

Attorney-in-Fact

March

Charles B. Lebovitz

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INDEPENDENT AUDITORS' REPORT

To CBL & Associates Properties, Inc.:

We have audited the accompanying consolidated balance sheets of CBL & Associates Properties, Inc. (a Delaware corporation) and subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2003. Our audits also included the financial statement schedules listed in the Index at Item 15. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial

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statements and financial statement schedules based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CBL & Associates Properties, Inc. and subsidiaries as of December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

As discussed in Note 4 to the financial statements, in 2002, the Company changed its method of accounting for discontinued operations to conform to Statement of Financial Accounting Standards No. 144.

/s/ DELOITTE & TOUCHE LLP

Atlanta, Georgia
February 27, 2004

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

	December 31,	
	2003	2002
ASSETS		
Real estate assets:		
Land	\$ 578,310	\$ 570,8
Buildings and improvements	3,678,074	3,394,7
	4,256,384	3,965,6
Less: accumulated depreciation	(467,614)	(434,8
	3,788,770	3,530,7
Real estate assets held for sale	64,354	
Developments in progress	59,096	80,7
	3,912,220	3,611,4
Cash and cash equivalents	20,332	13,3
Cash in escrow	78,476	
Receivables:		
Tenant, net of allowance for doubtful accounts of		

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\$3,237 in 2003 and \$2,861 in 2002	42,165	37,9
Other	3,033	3,6
Mortgage notes receivable	36,169	23,0
Investments in unconsolidated affiliates	96,450	68,2
Other assets	75,465	37,2
	-----	-----
	\$4,264,310	\$3,795,1
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Mortgage and other notes payable	\$2,709,348	\$2,402,0
Mortgage notes payable on real estate assets held for sale	28,754	
Accounts payable and accrued liabilities	161,477	151,3
	-----	-----
Total liabilities	2,899,579	2,553,4
Commitments and contingencies (Notes 3, 5 and 17)		
Minority interests	527,431	500,5
	-----	-----
Shareholders' equity:		
Preferred Stock, \$.01 par value, 15,000,000 shares authorized:		
9.0% Series A Cumulative Redeemable Preferred Stock,		
2,675,000 shares outstanding in 2002	--	
8.75% Series B Cumulative Redeemable Preferred Stock,		
2,000,000 shares outstanding in 2003 and 2002	20	
7.75% Series C Cumulative Redeemable Preferred Stock,		
460,000 shares outstanding in 2003	5	
Common Stock, \$.01 par value, 95,000,000 shares authorized,		
30,323,476 and 29,797,469 shares issued and		
outstanding in 2003 and 2002, respectively	303	2
Additional paid-in capital	817,613	765,6
Accumulated other comprehensive loss	--	(2,3
Deferred compensation	(1,607)	
Retained earnings (accumulated deficit)	20,966	(22,4
	-----	-----
Total shareholders' equity	837,300	741,1
	-----	-----
	\$4,264,310	\$3,795,1
	=====	=====

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

	Year Ended Decemb	
	2003	2002
	-----	-----
REVENUES:		
Minimum rents	\$ 428,678	\$ 381,384
Percentage rents	12,925	13,360
Other rents	12,635	11,013
Tenant reimbursements	193,592	160,062
Management, development and leasing fees	5,525	7,146
Other	14,176	14,005
	-----	-----

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Total revenues	667,531	586,970
EXPENSES:		
Property operating	103,540	92,777
Depreciation and amortization	113,481	94,018
Real estate taxes	51,717	47,190
Maintenance and repairs	39,830	35,133
General and administrative	30,395	23,332
Other	11,489	10,307
Total expenses	350,452	302,757
Income from operations	317,079	284,213
Interest income	2,485	1,853
Interest expense	(153,373)	(143,105)
Loss on extinguishment of debt	(167)	(3,910)
Gain on sales of real estate assets	77,775	2,804
Equity in earnings of unconsolidated affiliates	4,941	8,215
Minority interest in earnings:		
Operating partnership	(106,532)	(64,251)
Shopping center properties	(2,799)	(3,306)
Income before discontinued operations	139,409	82,513
Operating income of discontinued operations	688	2,021
Gain on discontinued operations	4,042	372
Net income	144,139	84,906
Preferred dividends	(19,633)	(10,919)
Net income available to common shareholders	\$ 124,506	\$ 73,987
Basic per share data:		
Income before discontinued operations, net of preferred dividends	\$ 4.00	\$ 2.50
Discontinued operations	0.16	0.08
Net income available to common shareholders	\$ 4.16	\$ 2.58
Weighted average common shares outstanding		
	29,936	28,690
Diluted per share data:		
Income before discontinued operations, net of preferred dividends	\$ 3.84	\$ 2.41
Discontinued operations	0.15	0.08
Net income available to common shareholders	3.99	2.49
Weighted average common and potential dilutive common shares outstanding		
	\$ 31,193	\$ 29,668

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	Preferred Stock	Common Stock	Paid-in Capital	Comprehensive Loss
	-----	-----	-----	-----
Balance December 31, 2000	\$ 29	\$ 251	\$ 462,480	\$ -
Net income	-	-	-	-
Loss on current period cash flow hedges	-	-	-	(6,784)
Total comprehensive income	-	-	-	-
Dividends declared - common shares	-	-	-	-
Dividends declared - preferred shares	-	-	-	-
Issuance of 174,280 shares of common stock	-	2	4,756	-
Adjustment for minority interest in Operating Partnership	-	-	80,827	-
Exercise of stock options	-	3	8,320	-
	-----	-----	-----	-----
Balance December 31, 2001	29	256	556,383	(6,784)
Net income	-	-	-	-
Gain on current period cash flow hedges	-	-	-	4,387
Total comprehensive income	-	-	-	-
Dividends declared - common shares	-	-	-	-
Dividends declared - preferred shares	-	-	-	-
Issuance of 2,000,000 shares of Series B preferred stock	20	-	96,350	-
Purchase of 200,000 shares of Series A preferred stock	(2)	-	(5,091)	-
Issuance of 3,524,299 shares of common stock	-	36	120,589	-
Exercise of stock options	-	2	5,005	-
Accrual under deferred compensation arrangements	-	-	2,194	-
Conversion of Operating Partnership units into 446,652 shares of common stock	-	4	7,159	-
Adjustment for minority interest in Operating Partnership	-	-	(16,903)	-
	-----	-----	-----	-----
Balance December 31, 2002	47	298	765,686	(2,397)
Net income	-	-	-	-
Gain on current period cash flow hedges	-	-	-	2,397
Total comprehensive income	-	-	-	-
Dividends declared - common shares	-	-	-	-
Dividends declared - preferred shares	-	-	-	-
Issuance of 460,000 shares of Series C preferred stock	5	-	111,222	-
Redemption of 2,675,000 shares of Series A preferred stock	(27)	-	(64,668)	-
Issuance of 202,838 shares of common stock	-	2	8,755	-
Exercise of stock options	-	3	7,759	-
Accrual under deferred compensation arrangements	-	-	618	-
Amortization of deferred compensation	-	-	-	-
Adjustment for minority interest in Operating Partnership	-	-	(11,759)	-
	-----	-----	-----	-----
Balance December 31, 2003	\$ 25	\$ 303	\$ 817,613	\$ -
	=====	=====	=====	=====

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

	Year Ended December 31,		
	2003	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$144,139	\$84,906	\$60,
Adjustments to reconcile net income to net cash provided by operating activities:			
Minority interest in earnings	109,331	67,554	51,
Depreciation	85,584	74,501	75,
Amortization	34,301	25,242	13,
Amortization of debt premiums	(646)	--	
Loss on extinguishment of debt	167	3,930	13,
Gain on sales of real estate assets	(77,775)	(2,804)	(10,
Gain on discontinued operations	(4,042)	(372)	
Issuance of stock under incentive plan	1,876	2,578	1,
Accrual of deferred compensation	618	2,194	
Amortization of deferred compensation	248	--	
Write-off of development projects	2,056	236	2,
Amortization of above and below market leases	(311)	--	
Changes in assets and liabilities:			
Tenant and other receivables	(9,773)	(1,110)	(8,
Other assets	(12,770)	(6,089)	(5,
Accounts payable and accrued liabilities	1,346	23,157	18,
	274,349	273,923	213,
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to real estate assets	(227,362)	(176,799)	(142,
Acquisitions of real estate assets and other assets	(273,265)	(166,489)	(115,
Proceeds from sales of real estate assets	284,322	84,885	79,
Additions to cash in escrow	(78,476)	--	
Additions to mortgage notes receivable	(10,000)	(5,965)	(1,
Payments received on mortgage notes receivable	1,840	2,135	
Distributions in excess of equity in earnings of unconsolidated affiliates	9,740	5,751	5,
Additional investments in and advances to unconsolidated affiliates	(15,855)	(15,394)	(23,
Purchase of minority interest in the Operating Partnership	(21,013)	--	
Additions to other assets	(3,310)	(2,731)	(4,
	(333,379)	(274,607)	(201,
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from mortgage and other notes payable	572,080	751,881	763,
Principal payments on mortgage and other notes payable	(390,115)	(815,444)	(650,
Additions to deferred financing costs	(4,830)	(5,589)	(7,
Proceeds from issuance of common stock	5,026	118,047	2,
Proceeds from exercise of stock options	7,762	5,007	8,
Proceeds from issuance of preferred stock	111,227	96,370	
Redemption of preferred stock	(64,695)	--	
Purchase of preferred stock	--	(5,093)	
Prepayment penalties on extinguishment of debt	--	(2,290)	(13,
Distributions to minority interests	(72,186)	(65,310)	(49,

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Dividends paid	(98,262)	(73,677)	(59,
Net cash provided by (used in) financing activities	66,007	3,902	(6,
Net change in cash and cash equivalents	6,977	3,218	4,
Cash and cash equivalents, beginning of period	13,355	10,137	5,
Cash and cash equivalents, end of period	20,332	13,335	10,

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except share data)

NOTE 1. ORGANIZATION

CBL & Associates Properties, Inc. ("CBL"), 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 and community centers. CBL's shopping center properties are located primarily in the Southeast and Midwest, as well as in select markets in other regions of the United States.

CBL conducts substantially all of its business through CBL & Associates Limited Partnership (the "Operating Partnership"). At December 31, 2003, the Operating Partnership owned controlling interests in 56 regional malls, 21 associated centers (each adjacent to a regional shopping mall), 17 community centers and CBL's corporate office building. The Operating Partnership consolidates the financial statements of all entities in which it has a controlling financial interest. The Operating Partnership owned non-controlling interests in four regional malls, two associated centers and 42 community centers. Because major decisions such as the acquisition, sale or refinancing of principal partnership or joint venture assets must be approved by one or more of the other partners, 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 two malls, both owned in joint ventures, three mall expansions, one associated center, two community centers and one community center expansion under construction at December 31, 2003. The Operating Partnership also holds options to acquire certain development properties owned by third parties.

CBL is the 100% owner of two qualified REIT subsidiaries, CBL Holdings I, Inc. and CBL Holdings II, Inc. At December 31, 2003, CBL Holdings I, Inc., the sole general partner of the Operating Partnership, owned a 1.7% general partnership interest in the Operating Partnership and CBL Holdings II, Inc. owned a 52.9% limited partnership interest for a combined interest held by CBL of 54.6%.

The minority interest in the Operating Partnership is held primarily by CBL & Associates, Inc. and its affiliates (collectively "CBL's Predecessor") and by affiliates of The Richard E. Jacobs Group, Inc. ("Jacobs"). CBL's Predecessor contributed their interests in certain real estate properties and joint ventures to the Operating Partnership in exchange for a limited partnership interest when the Operating Partnership was formed in November 1993. Jacobs contributed their interests in certain real estate properties and joint ventures to the Operating Partnership in exchange for a limited partnership interest when the Operating Partnership acquired Jacobs' interests in 23 properties in January 2001. At December 31, 2003, CBL's Predecessor owned a 15.8% limited partnership interest, Jacobs owned a 21.5% limited partnership interest and third parties owned an

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8.1% limited partnership interest in the Operating Partnership. CBL's Predecessor also owned 2.3 million shares of CBL's common stock at December 31, 2003, for a combined total interest of 20.0% in the Operating Partnership.

The Operating Partnership conducts CBL's property management and development activities through CBL & Associates Management, Inc. (the "Management Company") to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Operating Partnership has a controlling financial interest in the Management Company based on the following factors:

- |X| The Operating Partnership holds 100% of the preferred stock and owns 6% of the common stock of the Management Company. Through its ownership of the preferred stock, the Operating Partnership has the right to perpetually receive 95% of the economic benefits of the Management Company's operations.
- |X| The Operating Partnership provides all of the operating capital of the Management Company.

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- |X| The Management Company does not perform any material services for entities in which the Operating Partnership is not a significant investor.
- |X| The remaining 94% of the Management Company's common stock is owned by individuals who are directors and/or officers of CBL (with the exception of one individual who is a member of the immediate family of a director of CBL) and whose interests are aligned with those of CBL. These individuals contributed nominal amounts of equity in exchange for their interests in the Management Company's common stock.
- |X| All of the members of the Management Company's Board of Directors are members of CBL's Board of Directors.

All of these factors result in the Operating Partnership having a controlling financial interest in the Management Company and, accordingly, the Management Company is treated as a consolidated subsidiary.

CBL, the Operating Partnership and the Management Company are collectively referred to herein as "the Company." All significant intercompany balances and transactions have been eliminated in the consolidated presentation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Real Estate Assets

The Company capitalizes predevelopment project costs paid to third parties. All previously capitalized predevelopment costs are expensed when it is no longer probable that the project will be completed. Once development of a project commences, all direct costs incurred to construct the project, including interest and real estate taxes, are capitalized. Additionally, certain general and administrative expenses are allocated to the projects and capitalized based on the amount of time applicable personnel work on the development project. Ordinary repairs and maintenance are expensed as incurred. Major replacements and improvements are capitalized and depreciated over their estimated useful lives.

All acquired real estate assets have been accounted for using the purchase method of accounting and accordingly, the results of operations are included in

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the consolidated statements of operations from the respective dates of acquisition. The Company allocates the purchase price to (i) tangible assets, consisting of land, buildings and improvements, and tenant improvements, and (ii) identifiable intangible, assets generally consisting of above- and below-market leases and in-place leases, which are included in other assets in the consolidated balance sheet. The Company uses estimates of fair value based on estimated cash flows, using appropriate discount rates, and other valuation techniques to allocate the purchase price to the acquired tangible and intangible assets. Liabilities assumed generally consist of mortgage debt on the real estate assets acquired. Assumed debt with a stated interest rate that is significantly different from market interest rates for similar debt instruments is recorded at its fair value based on estimated market interest rates at the date of acquisition.

Depreciation is computed on a straight-line basis over estimated lives of 40 years for buildings, 10 to 20 years for certain improvements and 7 to 10 years for equipment and fixtures. Tenant improvements are capitalized and depreciated on a straight-line basis over the term of the related lease. Lease-related intangibles from acquisitions of real estate assets are amortized over the remaining terms of the related leases. Any difference between the face value of the debt assumed and its fair value is amortized to interest expense over the remaining term of the debt using the effective interest method.

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The Company's acquired intangibles and their balance sheet classifications as of December 31, 2003, are summarized as follows:

	Cost	Accumulated Amortization
	-----	-----
Other assets:		
Above-market leases	\$5,635	\$ (270)
In-place leases	19,945	(686)
Accounts payable and accrued liabilities:		
Below-market leases	12,975	(539)

The total net amortization expense of acquired intangibles for the next five succeeding years will be \$1,833 in 2004, \$1,833 in 2005, \$1,812 in 2006, \$1,938 in 2007 and \$2,214 in 2008.

Total interest expense capitalized was \$5,974, \$5,109 and \$5,860 in 2003, 2002 and 2001, respectively.

Carrying Value of Long-Lived Assets

The Company evaluates the carrying value of long-lived assets to be held and used when events or changes in circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when its estimated future undiscounted cash flows are less than its carrying value. If it is determined that an impairment has occurred, the excess of the asset's carrying value over its estimated fair value will be charged to operations. There were no impairment charges in 2003, 2002 and 2001.

Cash and Cash Equivalents

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The Company considers all highly liquid investments with original maturities of three months or less as cash equivalents.

Deferred Financing Costs

Net deferred financing costs of \$10,808 and \$9,767 were included in other assets at December 31, 2003 and 2002, respectively. Deferred financing costs include fees and costs incurred to obtain financing and are amortized to interest expense over the terms of the related notes payable. Amortization expense was \$3,268, \$4,114, and \$4,766 in 2003, 2002 and 2001, respectively. Accumulated amortization was \$5,030 and \$6,559 as of December 2003 and 2002, respectively.

Revenue Recognition

Minimum rental revenue from operating leases is recognized on a straight-line basis over the initial terms of the related leases. Certain tenants are required to pay percentage rent if their sales volumes exceed thresholds specified in their lease agreements. Percentage rent is recognized as revenue when the thresholds are achieved and the amounts become determinable.

The Company receives reimbursements from tenants for real estate taxes, insurance, common area maintenance, and other recoverable operating expenses as provided in the lease agreements. Tenant reimbursements are recognized as revenue in the period the related operating expenses are incurred. Tenant reimbursements related to certain capital expenditures are billed to tenants over periods of 5 to 15 years and are recognized as revenue when billed.

The Company receives management, leasing and development fees from third parties and unconsolidated affiliates. Management fees are charged as a percentage of revenues (as defined in the management agreement) and are recognized as revenue when earned. Development fees are recognized as revenue on

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a pro rata basis over the development period. Leasing fees are charged for newly executed leases and lease renewals and are recognized as revenue when earned. Development and leasing fees received from unconsolidated affiliates during the development period are recognized as revenue only to the extent of the third-party partners' ownership interest. Development and leasing fees during the development period to the extent of the Company's ownership interest are recorded as a reduction to the Company's investment in the unconsolidated affiliate.

Gain on Sales of Real Estate Assets

Gains on sales of real estate assets are recognized when it is determined that the sale has been consummated, the buyer's initial and continuing investment is adequate, the Company's receivable, if any, is not subject to future subordination, and the buyer has assumed the usual risks and rewards of ownership of the asset. When the Company has an ownership interest in the buyer, gain is recognized to the extent of the third party partner's ownership interest and the portion of the gain attributable to the Company's ownership interest is deferred.

Income Taxes

The Company is qualified as a REIT under the provisions of the Code. To maintain qualification as a REIT, the Company is required to distribute at least 90% of its taxable income to shareholders and meet certain other requirements.

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As a REIT, the Company is generally not liable for federal corporate income taxes. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal and state income taxes on its taxable income at regular corporate tax rates. Even if the Company maintains its qualification as a REIT, the Company may be subject to certain state and local taxes on its income and property, and to federal income and excise taxes on its undistributed income. State income taxes were not material in 2003, 2002 and 2001.

The Company had a net deferred tax asset at December 31, 2003 and 2002, which consisted primarily of net operating loss carryforwards, that was reduced to zero by a valuation allowance because of uncertainty about the realization of the net deferred tax asset considering all available evidence.

Derivative Financial Instruments

The Company records derivative financial instruments as either an asset or liability measured at the instrument's fair value. Any fair value adjustments affect either shareholders' equity or net income depending on whether the derivative instrument qualifies as a hedge for accounting purposes and, if so, the nature of the hedging activity. See Note 15 for more information.

Concentration of Credit Risk

The Company's tenants include national, regional and local retailers. Financial instruments that subject the Company to concentrations of credit risk consist primarily of tenant receivables. The Company generally does not obtain collateral or other security to support financial instruments subject to credit risk, but monitors the credit standing of tenants.

The Company derives a substantial portion of its rental income from various national and regional retail companies; however, no single tenant collectively accounts for more than 5.4% of the Company's total revenues.

Earnings Per Share

Basic earnings per share ("EPS") is computed by dividing net income

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available to common shareholders by the weighted average number of unrestricted common shares outstanding for the period. Diluted EPS assumes the issuance of common stock for all potential dilutive common shares outstanding. The limited partners' rights to convert their minority interest in the Operating Partnership into shares of common stock are not dilutive (Note 9). The following summarizes the impact of potential dilutive common shares on the denominator used to compute earnings per share:

	Year Ended December 31,	
	2003	2002
Weighted average shares	30,054	28,793
Effect of nonvested stock awards	(118)	(103)
Denominator - basic earnings per share	29,936	28,690
Dilutive effect of stock options, nonvested stock awards and deemed shares related to deferred compensation		

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arrangements	1,257	978
Denominator - diluted earnings per share	31,193	29,668

Stock-Based Compensation

Historically, the Company accounted for its stock-based compensation plans, which are described in Note 19, under the recognition and measurement principles of Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees" (APB No. 25) and related Interpretations. Effective January 1, 2003, the Company elected to begin recording the expense associated with stock options granted after January 1, 2003, on a prospective basis in accordance with the fair value and transition provisions of SFAS No. 123, "Accounting for Stock Based Compensation", as amended by SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - An Amendment of FASB Statement No. 123." There were no stock options granted during the year ended December 31, 2003.

No stock-based compensation expense related to stock options granted prior to January 1, 2003, has been reflected in net income since all options granted had an exercise price equal to the fair value of the Company's common stock on the date of grant. Therefore, stock-based compensation expense included in net income available to common shareholders in 2003, 2002 and 2001 is less than that which would have been recognized if the fair value method had been applied to all stock-based awards since the effective date of SFAS No. 123. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to all outstanding and unvested awards in each period:

	Year Ended December 31,	
	2003	2002
Net income available to common shareholders, as reported	\$124,506	\$73,987
Add: Stock-based employee compensation expense included in reported net income available to common shareholders	2,742	4,772
Less: Total stock-based compensation expense determined under fair value method	(3,344)	(5,423)
Pro forma net income available to common shareholders	\$123,904	\$73,336
Earnings per share:		
Basic, as reported	\$4.16	\$2.58
Basic, pro forma	\$4.14	\$2.56
Diluted, as reported	\$3.99	\$2.49
Diluted, pro forma	\$3.98	\$2.34

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The fair value of each employee stock option grant during 2002 and 2001 was estimated as of the date of grant using the Black-Scholes option pricing model and the following weighted average assumptions:

	Year Ended December 31,	
	2002	2001
Risk-free interest rate	4.84%	5.07%
Dividend yield	6.83%	8.34%
Expected volatility	19.7%	18.0%
Expected life	7.0 years	5.9 years

The per share weighted average fair value of stock options granted during 2002 and 2001 was \$3.50 and \$1.75, respectively.

Comprehensive Income

Comprehensive income includes all changes in shareholders' equity during the period, except those resulting from investments by shareholders and distributions to shareholders.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In May 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections," which rescinds SFAS No. 4. As a result, gains and losses from extinguishments of debt should be classified as extraordinary items only if they meet the criteria of Accounting Principles Board Opinion No. 30 ("APB 30"). The Company adopted SFAS No. 145 on January 1, 2003 and has presented losses from extinguishments of debt as an ordinary expense in all periods presented.

In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, an interpretation of SFAS No. 5, 57, and 107, and rescission of FASB Interpretation No. 34." The interpretation elaborates on the disclosures to be made by a guarantor in its financial statements. It also requires a guarantor to recognize a liability for the fair value of the obligation undertaken in issuing the guarantee at the inception of a guarantee. The Company adopted the disclosure provisions of FASB Interpretation No. 45 in the fourth quarter 2002 and adopted the remaining provisions effective January 1, 2003. See Note 17 for disclosures related to the Company's guarantees.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51." The interpretation requires the consolidation of entities in which an enterprise absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership,

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contractual or other financial interests in the entity. Currently, entities are generally consolidated by an enterprise when it has a controlling financial interest through ownership of a majority voting interest in the entity. FASB Interpretation No. 46 was revised in December 2003 and the adoption date was postponed until the first interim or annual period ending after March 15, 2004. Although the Company is still evaluating the impact of the revised interpretation, the Company believes it is reasonably possible that one unconsolidated affiliate that is currently accounted for using the equity method may be a variable interest entity under the provisions of the interpretation.

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The Company owns a 10% interest and has a total investment of \$18,690 in this unconsolidated affiliate, which owns one associated center and two community centers. The Company consolidates the results of operations of the Management Company based on the criteria described in Note 1 and will continue to consolidate the Management Company under the provisions of the revised FASB Interpretation No. 46.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. In particular, SFAS No. 149 clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative as discussed in SFAS No. 133 and it clarifies when a derivative contains a financing component that warrants special reporting in the statement of cash flows. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003 and is to be applied prospectively. The Company did not engage in any activities after June 30, 2003 to which SFAS No. 149 applied. The Company does not believe that the implementation of SFAS No. 149 will materially change the Company's accounting for the kinds of derivatives that the Company has typically obtained in the course of its regular financing activities.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity", which specifies that instruments within its scope are obligations of the issuer and, therefore, the issuer must classify them as liabilities. Financial instruments within the scope of the pronouncement include mandatorily redeemable financial instruments, obligations to repurchase the issuer's equity shares by transferring assets, and certain obligations to issue a variable number of shares. SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003. However, on October 29, 2003, the FASB indefinitely deferred the provisions of paragraphs 9 and 10 of SFAS No. 150 related to noncontrolling interests in limited-life subsidiaries. If the Company were to be required to comply with the provisions of paragraphs 9 and 10 of SFAS 150 as currently drafted, the Company would be required to reclassify amounts currently included in minority interests of \$2,730 and record the minority partners' interest as a liability at its estimated current liquidation amount, which would result in a charge to earnings of \$12,941. This liability would be required to be reviewed each quarter and changes in its current liquidation amount recorded through interest expense.

Reclassifications

Certain amounts in the 2002 and 2001 consolidated financial statements have been reclassified to conform with the current year presentation. In 2003, the Company recorded a reclassification related to tenant reimbursements. The reclassification resulted in a decrease in tenant reimbursements revenues and an

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equal decrease in property operating expenses. The 2002 and 2001 consolidated financial statements reflect decreases of \$8,179 and \$7,268, respectively, in tenant reimbursements revenues and property operating expenses to conform to the current year presentation.

NOTE 3. ACQUISITIONS

The Company includes the results of operations of real estate assets acquired in the consolidated statement of operations from the date of the related acquisition.

2003 Acquisitions

On April 30, 2003, the Company acquired Sunrise Mall and its associated center, Sunrise Commons, which are located in Brownsville, TX. The total purchase price, including transaction costs, of \$80,686 consisted of \$40,686 in cash and the assumption of \$40,000 of variable-rate debt that matures in May 2004.

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On September 10, the Company acquired Cross Creek Mall in Fayetteville, NC for a purchase price, including transaction costs, of \$116,729, which consisted of \$52,484 in cash and the assumption of \$64,245 of non-recourse debt that bears interest at a stated rate of 7.4% and matures in April 2012. The Company recorded a debt premium of \$10,209, computed using an estimated market interest rate of 5.00%, since the debt assumed was at an above-market interest rate compared to similar debt instruments at the date of acquisition.

On October 1, the Company acquired River Ridge Mall in Lynchburg, VA for a purchase price, including transaction costs, of \$61,933, which consisted of \$38,622 in cash, a short-term note payable of \$793 and the assumption of \$22,518 of non-recourse debt that bears interest at a stated rate of 8.05% and matures in January 2007. The Company also recorded a debt premium of \$2,724, computed using an estimated market interest rate of 4.00%, since the debt assumed was at an above-market interest rate compared to similar debt instruments at the date of acquisition.

On October 1, the Company acquired Valley View Mall in Roanoke, VA for a purchase price, including transaction costs, of \$86,094, which consisted of \$35,351 in cash, a short-term note payable of \$5,708 and the assumption of \$45,035 of non-recourse debt that bears interest at a weighted-average stated rate of 8.61% and matures in September 2010. The Company also recorded a debt premium of \$8,813, computed using an estimated market interest rate of 5.10%, since the debt assumed was at an above-market interest rate compared to similar debt instruments at the date of acquisition.

On December 15, the Company acquired Southpark Mall in Colonial Heights, VA for a purchase price, including transaction costs, of \$78,031, which consisted of \$34,879 in cash, a short-term note payable of \$5,116 and the assumption of \$38,036 of non-recourse debt that bears interest at a stated rate of 7.00% and matures in May 2012. The Company also recorded a debt premium of \$4,544, computed using an estimated market interest rate of 5.10%, since the debt assumed was at an above-market interest rate compared to similar debt instruments at the date of acquisition.

On December 30, the Company acquired Harford Mall Business Trust, a Maryland business trust that owns Harford Mall and its associated center, Harford Annex, in Bel Air, MD for a cash purchase price, including transaction costs, of \$71,110.

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The following summarizes the allocation of the purchase prices to the assets acquired and liabilities assumed for the 2003 acquisitions:

Land	\$ 72,620
Buildings and improvements	434,318
Above-market leases	5,709
In-place leases	19,542

Total assets	532,189
Mortgage note payables assumed	(209,834)
Premiums on mortgage note payables assumed	(26,290)
Short Term notes payable	(11,617)
Below-market leases	(11,384)

Net assets acquired	\$ 273,064
	=====

The following unaudited pro forma financial information is for the years ended December 31, 2003 and 2002. It presents the results of the Company as if each of the 2003 acquisitions had occurred on January 1, 2002. However, the unaudited pro forma financial information does not represent what the consolidated results of operations or financial condition actually would have been if the acquisitions had occurred on January 1, 2002. The pro forma financial information also does not project the consolidated results of operations for any future period. The pro forma results for 2003 and 2002 are as follows:

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	2003	2002
	-----	-----
Total revenues	\$ 715,424	\$ 653,32
Total expenses	(384,439)	(347,87
	-----	-----
Income from operations	\$ 330,985	\$ 305,45
	=====	=====
Income before discontinued operations, net of preferred dividends	\$ 140,471	\$ 84,27
	=====	=====
Net income available to common shareholders	\$ 125,568	\$ 75,75
	=====	=====
Basic per share data:		
Income before discontinued operations, net of preferred dividends	\$ 4.04	\$ 2.5
Net income available to common shareholders	\$ 4.16	\$ 2.6
Diluted per share data:		
Income before discontinued operations	\$ 3.87	\$ 2.4
Net income available to common shareholders	\$ 4.02	\$ 2.5

2002 Acquisitions

The Company closed on the second and final stage of the Jacobs' acquisition (see 2001 Acquisitions below) in March 2002, by acquiring additional interests in the joint ventures that own the following properties:

- [X] West Towne Mall, East Towne Mall and West Towne Crossing in Madison, WI (17% interest)

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[X] Columbia Place in Columbia, SC (31% interest)

[X] Kentucky Oaks Mall in Paducah, KY (2% interest)

The purchase price of \$42,519 for the additional interests consisted of \$422 in cash, the assumption of \$24,487 of debt and the issuance of 499,730 special common units with a fair value of \$17,610 (weighted average of \$35.24 per unit).

The Company acquired Richland Mall, located in Waco, TX, in May 2002, for a cash purchase price of \$43,250. The Company acquired Panama City Mall, located in Panama City, FL, for a purchase price of \$45,645 in May 2002. The purchase price of Panama City Mall consisted of (i) the assumption of \$40,700 of non-recourse mortgage debt with an interest rate of 7.30%, (ii) the issuance of 118,695 common units of the Operating Partnership with a fair value of \$4,487 (\$37.80 per unit) and (iii) \$458 in cash closing costs.

The Company also entered into a ground lease in May 2002, for land adjacent to Panama City Mall. The terms of the ground lease provided that the lessor could require the Company to purchase the land for \$4,148 between August 1, 2003, and February 1, 2004. The Company purchased the land in August 2003.

The Company acquired the remaining 21% ownership interest in Columbia Place in Columbia, SC in August 2002. The total consideration of \$9,875 consisted of the issuance of 61,662 common units with a fair value of \$2,280 (\$36.97 per unit) and the assumption of \$7,595 of debt.

In December 2002, the Company acquired the remaining 35% interest in East Towne Mall, West Towne Mall and West Towne Crossing, which are all located in Madison, WI. The purchase price consisted of the issuance of 932,669 common units with a fair value of \$36,411 (\$39.04 per unit) and the assumption of \$25,618 of debt.

In December 2002, the Company acquired Westmoreland Mall and its associated center, Westmoreland Crossing, located in Greensburg, PA, for a cash purchase price of \$112,416.

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2001 Acquisitions

On January 31, 2001, the Company completed the first stage of its acquisition of Jacobs' interests in 21 malls and two associated centers for total consideration of approximately \$1,204,249, including the acquisition of minority interests in certain properties. The purchase price consisted of (i) \$125,460 in cash, including closing costs of approximately \$12,872, (ii) the assumption of \$750,244 in non-recourse mortgage debt, and (iii) the issuance of 12,056,692 special common units of the Operating Partnership with a fair value of \$328,545 (\$27.25 per unit).

The following unaudited pro forma financial information is for the year ended December 31, 2001. It presents results for the Company as if the acquisition of the interests acquired on January 31, 2001, had occurred on January 1, 2000. However, the unaudited pro forma financial information does not represent what the consolidated results of operations or financial condition actually would have been if the acquisition and related transactions had occurred on January 1, 2000. The pro forma financial information also does not project the consolidated results of operations for any future period. The pro forma results for 2001 are as follows:

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Total revenues	\$ 550,817
Total expenses	(290,590)

Income from operations	\$ 260,227
	=====
Income before discontinued operations	\$ 56,198
	=====
Net income available to common shareholders	\$ 53,465
	=====
Basic per share data:	
Income before discontinued operations, net of preferred dividends	\$ 1.96
	=====
Net income available to common shareholders	\$ 2.11
	=====
Diluted per share data:	
Income before discontinued operations, net of preferred dividends	\$ 1.93
	=====
Net income available to common shareholders	\$ 2.07
	=====

The pro forma adjustments include additional (i) depreciation expense of \$1,871, (ii) interest expense of \$835, (iii) management fees from unconsolidated affiliates of \$129 and (iv) minority interest in earnings in the Operating Partnership of \$1,965 for the year ended December 31, 2001.

In separate transactions during 2001, the Company issued an additional 602,980 special common units of the Operating Partnership valued at \$16,431 and 31,008 common units of the Operating Partnership valued at \$949 to purchase the remaining 50% and 25% interests in Madison Square Mall and Madison Plaza in Huntsville, AL, respectively.

NOTE 4. DISCONTINUED OPERATIONS

On January 1, 2002, the Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 supersedes SFAS No. 121 and requires that long-lived assets that are to be disposed of by sale be measured at the lower of book value or fair value less costs to sell. SFAS No. 144 retains the fundamental provisions of SFAS No. 121 for (i) recognition and measurement of the impairment of long-lived assets to be held and used and (ii) measurement of long-lived assets to be disposed by sale. SFAS No. 144 broadens the definition of what constitutes a discontinued operation and how the results of a discontinued operation are to be measured and presented.

The provisions of SFAS No. 144 have been applied prospectively to dispositions that occurred after January 1, 2002. Additionally, the disposed assets' results of operations for 2002 and 2001 have been reclassified to discontinued operations to conform to the current year presentation.

During 2003, the Company sold six community centers for a total sales price \$17,280 and recognized a net gain on discontinued operations of \$4,042. Total revenues from these community centers were \$1,528, \$2,093 and \$2,549 in 2003, 2002 and 2001, respectively.

During 2002, the Company sold five community centers and an office building

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for a total sales price of \$36,800 and recognized a net gain on discontinued operations of \$372. Total revenues for these properties were \$2,331 and \$4,844 in 2002 and 2001, respectively.

NOTE 5. UNCONSOLIDATED AFFILIATES

At December 31, 2003, the Company has investments in the following 10 partnerships and joint ventures, which are accounted for using the equity method of accounting:

Joint Venture	Property Name	Company's Interest
Governor's Square IB	Governor's Plaza	50.0%
Governor's Square Company	Governor's Square	47.5%
Imperial Valley Mall L.P.	Imperial Valley Mall	60.0%
Kentucky Oaks Mall Company	Kentucky Oaks Mall	50.0%
Mall of South Carolina L.P.	Coastal Grand	50.0%
Mall of South Outparcel L.P.	Coastal Grand	50.0%
Mall Shopping Center Company	Plaza del Sol	50.6%
Parkway Place L.P.	Parkway Place	45.0%
PPG Venture I L.P.	Willowbrook Plaza, Pemberton Plaza and Massard Crossing	10.0%
Galileo America LLC	Portfolio of 40 community centers	10.0%

Condensed combined financial statement information of the unconsolidated affiliates is presented as follows:

	December 31,	
	2003	2002
ASSETS:		
Net investment in real estate assets	\$759,073	\$280,610
Other assets	65,253	10,593
Total assets	824,326	\$291,203
LIABILITIES :		
Mortgage notes payable	\$465,602	\$191,512
Other liabilities	36,167	5,491
Total liabilities	501,769	197,003
OWNERS' EQUITY:		
The Company	96,961	68,313
Other investors	225,596	25,887
Total owners' equity	322,557	94,200
Total liabilities and owners' equity	\$824,326	\$291,203

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	Year Ended December 31,		
	2003	2002	2001
Revenues	\$50,279	\$57,084	\$55,779
Depreciation and amortization	(9,402)	(7,603)	(7,633)
Other operating expenses	(14,193)	(17,634)	(18,326)
Income from operations	26,684	31,847	29,820
Interest expense	(14,008)	(14,827)	(14,693)
Gain on sales of real estate assets	892	--	213
Net income	\$13,568	\$17,020	\$15,340
Company's share of net income	\$4,941	\$8,215	\$7,155

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In general, contributions and distributions of capital or cash flows and allocations of income and expense are made on a pro rata basis in proportion to the equity interest held by each general or limited partner. All debt on these properties is non-recourse. See Note 17 for a description of guarantees the Company has issued related to certain unconsolidated affiliates.

2003 Activity

On September 24, 2003, the Company formed Galileo America LLC ("Galileo America"), a joint venture with Galileo America REIT, the U.S. affiliate of Australia-based Galileo America Shopping Trust, to invest in community centers throughout the United States. The arrangement provides for the Company to sell, in three phases, its interests in 51 community centers for a total price of \$516,000 plus a 10% interest in Galileo America.

The first phase of the transaction closed on October 23, 2003, when the Company sold its interests in 41 community centers to Galileo America for \$393,925, which consisted of \$250,705 in cash, the retirement of \$24,922 of debt on one of the community centers, a note receivable of \$4,813, Galileo America's assumption of \$93,037 in debt and \$20,448 representing the Company's 10% interest in Galileo America. The Company used the net proceeds to fund escrow amounts to be used in like-kind exchanges and to reduce outstanding borrowings under the Company's credit facilities. The Company recognized a gain of \$71,886 from the first phase and deferred gain of \$7,987, representing the gain attributable to the Company's 10% interest in Galileo America. The note receivable was paid subsequent to December 31, 2003.

The Company, as tenant, has entered, or will enter into, separate master lease agreements with Galileo America, as landlord, covering certain spaces in certain of the properties sold or, to be sold, to the joint venture. Under each master lease agreement, the Company is obligated to pay Galileo America an agreed-upon minimum annual rent, plus a pro rata share of common area maintenance expenses and real estate taxes, for each designated space for a term of five years from the applicable property's closing date. If the Company is able to lease a designated space to a third party, then the amounts owed by the Company under the master lease will be reduced by the amounts received under the third party lease. If the amounts under the third party lease are equal to or greater than the Company's obligation for the full term of the master lease agreement, then the Company's obligation is zero. When a third party lease is

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executed that releases the Company from its obligation, Galileo America assumes the credit risk related to the third party lease. This arrangement is in effect until the end of the five-year term of the master lease. Therefore, if a third party lease expires before the expiration of the master lease term, then the Company is obligated under the original terms of the master lease. Two properties in the first phase are subject to master lease agreements. The Company has recorded a liability of \$2,184 at December 31, 2003, for the total amounts to be paid over the remaining terms of the master lease obligations. The Company will reduce the liability for the master lease obligation and will recognize gain to the extent it obtains third party leases that are sufficient to satisfy the master lease obligation.

The Company may also receive up to \$8,000 of additional contingent consideration if, as the exclusive manager of the properties, it achieves certain leasing objectives related to spaces that were vacant, or projected to soon be vacant, at the time the first phase closed. As of December 31, 2003, the Company had earned \$3,833 for leasing objectives that were met as of December 31, 2003, of which \$3,450 was recognized as gain on sales of real estate assets and \$383, representing the portion attributable to the Company's 10% ownership interest, was recorded as a reduction of the Company's investment in Galileo America.

The second phase of the transaction closed on January 5, 2004, when the Company sold its interest in six community centers for \$92,375, which consisted of \$62,687 in cash, the retirement of \$25,953 of debt on one of the community centers, the joint venture's assumption of \$2,816 of debt and closing cost of \$919. The real estate assets and related mortgage notes payable of the properties in the second phase have been reflected as held for sale as of December 31, 2003. The Company ceased recording depreciation expense on these

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assets on October 23, 2003, the date that it was determined these assets met the criteria to be reflected as held for sale.

The Company also entered into a master lease agreement on one of the second phase properties that totals \$7,305. As of December 31, 2003, the Company has executed leases with tenants for certain spaces that will reduce this amount by \$4,855. These tenants are scheduled to open at various dates between January 2004 and May 2004.

The third phase is scheduled to close in January 2005 and will include five community centers. The total purchase price for these community centers will be \$86,800.

Pursuant to a long-term agreement, the Company will be the exclusive manager for all of the joint venture's properties in the United States, and will be entitled to management, leasing, acquisition, disposition, asset management and financing fees.

2002 Activity

In February 2002, the Company contributed its interests in two community centers and one associated center to PPG Venture I Limited Partnership, a joint venture with a third party, and retained a 10% interest. The total consideration of \$63,030 consisted of cash of \$46,000 and the Company's retained interest. The Company deferred the gain of \$10,983 from the transaction since certain restrictions included in the joint venture agreement related to the subsequent sale of the properties demonstrate the Company's continuing involvement. The deferred gain is included in accounts payable and accrued liabilities.

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In March 2002, the Company acquired an additional 2% interest in Kentucky Oaks Mall Company, an additional 17% interest in Madison Joint Venture and an additional 31% interest in Columbia Mall Company as discussed in Note 3. Since the additional interest in Columbia Mall Company resulted in the Company having a 79% controlling interest in that joint venture, the Company discontinued accounting for it using the equity method and began consolidating it as of the date the additional 31% interest was acquired.

During 2002, the Company entered into three joint ventures with third parties to develop two malls, Imperial Valley Mall and Coastal Grand.

2001 Activity

In January 2001, the Company acquired a 48% interest in Kentucky Oaks Mall Company, Columbia Joint Venture and Madison Joint Venture in connection with the first stage of the Jacobs' transaction discussed in Note 3.

As discussed in Note 3, the Company discontinued the equity method of accounting for the partnership that owns Madison Square Mall after the Company acquired the remaining ownership interest in that partnership on January 31, 2001.

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NOTE 6. MORTGAGE AND OTHER NOTES PAYABLE

Mortgage and other notes payable consisted of the following:

	December 31, 2003		
	Amount	Weighted Average Interest Rate (1)	Amount
Fixed-rate debt:			
Non-recourse loans on operating properties	\$2,256,544	6.63%	\$1,8
Variable-rate debt:			
Recourse term loans on operating properties	105,558	2.67%	2
Lines of credit	376,000	2.23%	2
Construction loans	--	--	
Total variable-rate debt	481,558	2.33%	5
Total	\$2,738,102	5.87%	\$2,4

Non-recourse and recourse loans include loans that are secured by properties owned by the Company that have a net carrying value of \$3,302,703 at December 31, 2003. At December 31, 2003, the Company had \$3,967 available and unfunded under recourse term loan commitments on two properties.

Fixed-Rate Debt

At December 31, 2003, fixed-rate loans bear interest at fixed rates ranging

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from 4.52% to 10.63%. Fixed-rate loans generally provide for monthly payments of principal and/or interest and mature at various dates from May 2004 through April 2016.

Variable-Rate Debt

Recourse term loans bear interest at variable interest rates indexed to the prime lending rate or London Interbank Offered Rate ("LIBOR"). At December 31, 2003, interest rates on recourse loans varied from 2.62% to 2.77%. These loans mature at various dates from February 2004 to December 2004.

Unsecured Line of Credit

The Company has a short-term, unsecured line of credit that is used for acquisition purposes and bears interest at LIBOR plus 1.30%. The total available under this line of credit is \$130,000, of which \$72,000 was outstanding at December 31, 2003. The unsecured line of credit's original maturity date of January 31, 2004 was extended to May 31, 2004 subsequent to December 31, 2003. The Company has one additional option to extend the maturity another four months to September 30, 2004. Borrowings under the unsecured line of credit had a weighted average interest rate of 2.49% at December 31, 2003.

Secured Lines of Credit

The Company has four secured lines of credit that are used for construction, acquisition, and working capital purposes. Each of these lines is secured by mortgages on certain of the Company's operating properties. The following summarizes certain information about the secured lines of credit as of December 31, 2003:

Total Available	Total Outstanding	Maturity Date
\$ 255,000	\$ 228,000	February 2006
80,000	46,000	June 2005
10,000	10,000	April 2005
20,000	20,000	March 2007
\$ 365,000	\$ 304,000	

The secured lines of credit are secured by 19 of the Company's properties, which had an aggregate net carrying value of \$375,198 at December 31, 2003. Borrowings under the secured lines of credit had a weighted average interest rate of 2.17% at December 31, 2003.

Letters of Credit

The Company had \$17,343 outstanding for letters of credit under the above secured lines of credit at December 31, 2003.

At December 31, 2003, the Company had additional secured lines of credit with a total commitment of \$21,602 that can only be used for issuing letters of credit. The total outstanding under these lines of credit was \$16,612 at December 31, 2003.

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Covenants and Restrictions

The secured and unsecured line of credit agreements contain, among other restrictions, certain financial covenants including the maintenance of certain financial coverage ratios, minimum net worth requirements, and limitations on cash flow distributions. The Company was in compliance with all covenants and restrictions on its lines of credit at December 31, 2003.

Seventeen malls, six associated centers and the office building are owned by special purpose entities that are included in the Company's consolidated financial statements. The sole business purpose of the special purpose entities is to own and operate these properties, each of which is encumbered by a commercial-mortgage-backed-securities loan. The real estate and other assets owned by these special purpose entities are restricted under the loan agreements in that they are not available to settle other debts of the Company. However, so long as the loans are not under an event of default, as defined in the loan agreements, the cash flows from these properties, after payments of debt service, operating expenses and reserves, are available for distribution to the Company.

Debt Maturities

As of December 31, 2003, the scheduled principal payments on all mortgage and other notes payable, including construction loans and lines of credit, are as follows:

2004	\$ 268,058
2005	143,315
2006	440,973
2007	182,216
2008	414,749
Thereafter	1,263,147

	2,712,458
Net unamortized premiums	25,644

	\$ 2,738,102
	=====

Of the \$268,058 of scheduled principal payments in 2004, \$223,649 is related to loans that are scheduled to mature in 2004. The Company has extension options in place for \$79,675 of these loans that will extend their scheduled maturities to 2005. The Company repaid loans of \$31,974 subsequent to December 31, 2003, and the remaining \$112,000 will either be repaid or refinanced.

NOTE 7. LOSS ON EXTINGUISHMENT OF DEBT

The losses on extinguishment of debt resulted from prepayment penalties and the write-off of unamortized deferred financing costs when notes payable were retired before their scheduled maturity dates as follows:

Year Ended December 31,		
2003	2002	2001
-----	-----	-----
-----	-----	-----

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Prepayment penalties	\$ -	\$ 2,270	\$ 13,038
Prepayment penalties on discontinued operations	-	20	-
Unamortized deferred financing costs	167	1,640	520
	-----	-----	-----
	\$ 167	\$ 3,930	\$ 13,558
	=====	=====	=====

NOTE 8. SHAREHOLDERS' EQUITY

Common Stock

In March 2002, the Company completed an offering of 3,352,770 shares of its \$0.01 par value common stock at \$34.55 per share. The net proceeds of \$114,705 were used to repay outstanding borrowings under the Company's lines of credit and to retire debt on certain operating properties.

Preferred Stock

In June 1998, the Company issued 2,875,000 shares of 9.0% Series A Cumulative Redeemable Preferred Stock (the "Series A Preferred Stock") with a face value of \$25.00 per share in a public offering. In June 2002, the Company purchased 200,000 shares of the Series A Preferred Stock for \$5,093. On November 28, 2003, the Company redeemed the remaining 2,675,000 outstanding shares of the Series A Preferred Stock at its face value of \$25.00 per share plus accrued and unpaid dividends. In connection with the redemption of the Series A Preferred Stock, the Company recorded a charge of \$2,181 to write-off direct issuance costs that were recorded as a reduction of additional paid-in capital when the Series A Preferred Stock was issued. The charge is included in preferred dividends in the accompanying consolidated statement of operations.

In June 2002, the Company completed an offering of 2,000,000 shares of 8.75% Series B Cumulative Redeemable Preferred Stock (the "Series B Preferred Stock"), having a par value of \$.01 per share, at \$50.00 per share. The net proceeds of \$96,370 were used to reduce outstanding balances under the Company's lines of credit and to retire term loans on several properties.

The dividends on the Series B Preferred Stock are cumulative and accrue from the date of issue and are payable quarterly in arrears at a rate of \$4.375 per share per annum. The Series B Preferred Stock has no stated maturity, is not subject to any sinking fund or mandatory redemption, and is not convertible into any other securities of the Company. The Series B Preferred Stock cannot be redeemed by the Company prior to June 14, 2007. After that date, the Company may redeem shares, in whole or in part, at any time for a cash redemption price of \$50.00 per share plus accrued and unpaid dividends.

On August 22, 2003, the Company issued 4,600,000 depository shares in a public offering, each representing one-tenth of a share of 7.75% Series C Cumulative Redeemable Preferred Stock (the "Series C Preferred Stock") with a par value of \$0.01 per share. The Series C Preferred Stock has a liquidation preference of \$250.00 per share (\$25.00 per depository share).

The dividends on the Series C Preferred Stock are cumulative, accrue from the date of issuance and are payable quarterly in arrears at a rate of \$19.375 per share (\$1.9375 per depository share) per annum. The Series C Preferred Stock has no stated maturity, is not subject to any sinking fund or mandatory redemption and is not redeemable before August 22, 2008. The net proceeds of \$111,227 were used to partially fund certain acquisitions discussed in Note 3 and to reduce outstanding borrowings under the Company's lines of credit.

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NOTE 9. MINORITY INTERESTS

Minority interests represent (i) the aggregate partnership interest in the Operating Partnership that is not owned by the Company and (ii) the aggregate ownership interest in 11 of the Company's shopping center properties that is held by third parties.

Minority Interest in Operating Partnership

The minority interest in the Operating Partnership is represented by common units and special common units of limited partnership interest in the Operating Partnership (the "Operating Partnership Units") that the Company does not own.

The assets and liabilities allocated to the Operating Partnership's minority interest are based on their ownership percentage of the Operating Partnership at December 31, 2003 and 2002. The ownership percentage is determined by dividing the number of Operating Partnership Units held by the minority interest at December 31, 2003 and 2002 by the total Operating Partnership Units outstanding at December 31, 2003 and 2002. The minority interest ownership percentage in assets and liabilities of the Operating Partnership was 45.4% and 46.3% at December 31, 2003 and 2002, respectively.

Income is allocated to the Operating Partnership's minority interest based on their weighted average ownership during the year. The ownership percentage is determined by dividing the weighted average number of Operating Partnership Units held by the minority interest by the total weighted average number of Operating Partnership Units outstanding during the year.

A change in the number of shares of common stock or Operating Partnership Units changes the percentage ownership of all partners of the Operating Partnership. An Operating Partnership Unit is considered to be equivalent to a share of common stock since it generally is redeemable for cash or shares of the Company's common stock. As a result, an allocation is made between shareholders' equity and minority interest in the Operating Partnership in the accompanying balance sheet to reflect the change in ownership of the Operating Partnership's underlying equity when there is a change in the number of shares and/or Operating Partnership Units outstanding.

The total minority interest in the Operating Partnership was \$523,779 and \$497,832 at December 31, 2003 and 2002, respectively.

Minority Interest in Operating Partnership—Conversion Rights

Under the terms of the Operating Partnership's limited partnership agreement, each of the limited partners has the right to exchange all or a portion of its partnership interests for shares of CBL's common stock or, at CBL's election, their cash equivalent. When an exchange occurs, CBL assumes the limited partner's ownership interests in the Operating Partnership. The number of shares of common stock received by a limited partner of the Operating Partnership upon exercise of its exchange rights will be equal on a one-for-one basis to the number of partnership units exchanged by the limited partner. The amount of cash received by the limited partner, if CBL elects to pay cash, will be based on the five-day trailing average of the trading price at the time of exercise of the shares of common stock that would otherwise have been received by the limited partner in the exchange. Neither the limited partnership interests in the Operating Partnership nor the shares of common stock of CBL are subject to any right of mandatory redemption.

The Operating Partnership issued 13,159,402 special common units in connection with acquisitions discussed in Notes 3 and 5. After January 31, 2004,

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holders of the special common units may exchange them for shares of common stock or cash. The Company has the right to elect the form of payment. The special common units receive a minimum distribution of \$2.9025 per unit per year. When

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the distribution on the common units exceeds \$2.9025 per unit per year, the special common units will receive a distribution equal to that paid on the common units.

The Operating Partnership issued 1,144,034 common units in connection with acquisitions discussed in Notes 3 and 5. The 118,695 common units issued in connection with the acquisition of Panama City Mall, which is discussed in Note 3, receive a minimum annual dividend of \$3.375 per unit until May 2012. When the distribution on the common units exceeds \$3.375 per unit, these common units will receive a distribution equal to that paid on the common units. Additionally, if the annual distribution on the common units should ever be less than \$2.22 per unit, the \$3.375 per unit dividend will be reduced by the amount the per unit distribution is less than \$2.22 per unit.

The Company purchased 460,083 common units from a former executive of the Company who retired in 1997 for \$21,013 during 2003. During 2002, third parties converted 446,652 common units to shares of the Company's common stock.

Outstanding rights to convert minority interests in the Operating Partnership to common stock were held by the following parties at December 31, 2003 and 2002:

	December 31,	
	2003	2002
Common shares outstanding	30,323,476	29,797,469
Outstanding rights:		
Jacobs	11,953,903	11,953,903
CBL's Predecessor	8,755,612	8,883,928
Third parties	4,513,397	4,845,164
	55,546,388	55,480,464
Total Operating Partnership Units	55,546,388	55,480,464

Minority Interest in Shopping Center Properties

The Company's consolidated financial statements include the assets, liabilities and results of operations of 11 properties that the Company does not wholly own. The minority interest in shopping center properties represents the aggregate ownership interest of third parties in these properties. The total minority interests in shopping center properties was \$3,652 and \$2,681 at December 31, 2003 and 2002, respectively.

The assets and liabilities allocated to the minority interest in shopping center properties are based on the third parties' ownership percentages in each shopping center property at December 31, 2003 and 2002. Income is allocated to the minority interest in shopping center properties based on the third parties' weighted average ownership in each shopping center property during the year.

NOTE 10. MINIMUM RENTS

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The Company receives rental income by leasing retail shopping center space under operating leases. Future minimum rents are scheduled to be received under noncancellable tenant leases at December 31, 2003, as follows:

2004	\$ 384,603
2005	330,681
2006	288,881
2007	246,537
2008	205,595
Thereafter	671,286

Future minimum rents do not include percentage rents or tenant reimbursements that may become due.

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NOTE 11. MORTGAGE NOTES RECEIVABLE

Mortgage notes receivable are collateralized by first mortgages, wrap-around mortgages on the underlying real estate and related improvements or by assignment of 100% of the partnership interests that own the real estate assets. Interest rates on notes receivable range from 2.30% to 9.50% at December 31, 2003. Maturities of notes receivable range from 2004 to 2019.

NOTE 12. SEGMENT INFORMATION

The Company measures performance and allocates resources according to property type, which is determined based on differences such as nature of tenants, capital requirements, economic risks and leasing terms. Rental income and tenant reimbursements from tenant leases provide the majority of revenues from all segments. The accounting policies of the reportable segments are the same as those described in Note 2. Information on the Company's reportable segments is presented as follows:

Year Ended December 31, 2003	Malls	Associated Centers	Community Centers	All
-----	-----	-----	-----	-----
Revenues	\$ 571,744	\$ 23,961	\$ 51,851	\$ 1
Property operating expenses (1)	(185,836)	(5,614)	(12,152)	(1
Interest expense	(139,900)	(5,157)	(6,797)	(1
Other expense	--	--	--	(1
Gain on sales of real estate assets	2,216	--	75,559	(1
	-----	-----	-----	-----
Segment profit and loss	\$ 248,224	\$ 13,190	\$108,461	\$ 1
	=====	=====	=====	=====
Depreciation and amortization expense				
General and administrative expense				
Interest income				
Loss on extinguishment of debt				
Equity in earnings and minority interest				
Income before discontinued operations				
Total assets (2)	\$3,682,158	\$199,356	\$265,467	\$11
Capital expenditures (2)	\$ 651,567	\$ 28,901	\$ 32,063	\$ 3

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Year Ended December 31, 2002	Malls	Associated Centers	Community Centers	All
Revenues	\$ 490,743	\$ 18,811	\$ 59,369	\$ 1
Property operating expenses (1)	(163,730)	(4,231)	(15,321)	(1)
Interest expense	(123,977)	(3,817)	(9,334)	(1)
Other expense	-	-	-	(1)
Gain(loss) on sales of real estate assets	(251)	94	1,016	
Segment profit and loss	\$ 202,785	\$ 10,857	\$ 35,730	\$ 1
Depreciation and amortization expense				
General and administrative expense				
Interest income				
Loss on extinguishment of debt				
Equity in earnings and minority interest				
Income before discontinued operations				
Total assets (2)	\$3,067,611	\$151,606	\$418,856	\$15
Capital expenditures (2)	\$ 454,721	\$ 29,164	\$ 25,930	\$ 4

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Year Ended December 31, 2001	Malls	Associated Centers	Community Centers	All
Revenues	\$ 434,003	\$ 16,548	\$ 66,391	\$ 2
Property operating expenses (1)	(141,714)	(3,813)	(15,754)	(1)
Interest expense	(125,198)	(4,599)	(15,018)	(1)
Other expense	-	-	-	(1)
Gain on sales of real estate assets	1,441	350	8,858	
Segment profit and loss	\$ 168,532	\$ 8,486	\$ 44,477	\$ (1)
Depreciation and amortization expense				
General and administrative expense				
Interest income				
Loss on extinguishment of debt				
Equity in earnings and minority interest				
Income before discontinued operations				
Total assets (2)	\$2,678,666	\$128,660	\$493,198	\$ 72
Capital expenditures (2)	\$1,288,699	\$ 8,375	\$ 58,670	\$ 12

NOTE 13. OPERATING PARTNERSHIP

Condensed consolidated financial statement information for the Operating

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Partnership is presented as follows:

	December 31,	
	2003	2002
ASSETS:		
Net investment in real estate assets	\$ 3,912,220	\$ 3,611,485
Investment in unconsolidated affiliates	96,989	68,770
Other assets	253,985	115,022
	\$ 4,263,194	\$ 3,795,277
LIABILITIES:		
Mortgage and other notes payable	\$ 2,738,102	\$ 2,402,079
Other liabilities	138,210	131,815
	2,876,312	2,533,894
Minority interests	3,652	2,681
OWNERS' EQUITY	1,383,230	1,258,702
Total liabilities and owner's equity	\$ 4,263,194	\$ 3,795,277

	Year Ended December 31,		
	2003	2002	2001
Total revenues	\$ 667,531	\$ 586,970	\$ 537,282
Depreciation and amortization	(113,481)	(94,017)	(83,522)
Other operating expenses	(235,483)	(208,293)	(194,306)
	318,567	284,660	259,454
Income from operations	318,567	284,660	259,454
Interest income	2,480	1,849	1,887
Interest expense	(153,366)	(142,338)	(156,624)
Loss on extinguishment of debt	(167)	(3,930)	(13,558)
Gain on sales of real estate assets	77,775	2,804	10,649
Equity in earnings of unconsolidated affiliates	4,941	8,215	7,155
Minority interest in shopping center properties	(2,799)	(3,306)	(1,682)
	247,431	147,954	107,281
Income before discontinued operations	247,431	147,954	107,281
Operating income of discontinued operations	688	2,021	3,696
Gain on discontinued operations	4,042	372	-
	\$ 252,161	\$ 150,347	\$ 110,977
Net income	\$ 252,161	\$ 150,347	\$ 110,977

NOTE 14. NONCASH INVESTING AND FINANCING ACTIVITIES

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The Company's noncash investing and financing activities were as follows for 2003, 2002 and 2001:

	2003	2002
Cash paid during the year for interest, net of amounts capitalized	\$ 151,012	\$ 141,42
Debt assumed to acquire property interests	209,834	149,68
Premiums related to debt assumed to acquire property interests	26,290	-
Short-term notes payable issued to acquire property interest	11,617	-
Note receivable from sale of real estate assets	4,813	-
Issuance of minority interest to acquire property interests	--	60,78

NOTE 15. DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments to manage its exposure to changes in interest rates. The Company does not use derivative financial instruments for speculative purposes. The Company's interest rate risk management policy requires that derivative instruments be used for hedging purposes only and that they be entered into only with major financial institutions based upon their credit ratings and other factors.

The Company's objective in using derivatives isto manage its exposure to changes in interest rates. To accomplish this objective, the Company primarily uses interest rate swap and cap agreements as part of its cash flow hedging strategy.

At December 31, 2003, the Company had one interest rate cap agreement that was already in place on \$40,000 of variable-rate debt that was assumed in connection with the acquisition of Sunrise Mall (see Note 3). The interest rate cap agreement limits the maximum interest rate at 5.50% and matures in May 2004. The interest rate cap's fair value was \$0 at both the acquisition date and December 31, 2003.

Interest rate swap agreements designated as cash flow hedges involve the receipt of variable-rate amounts in exchange for fixed-rate payments over the life of the agreements without the exchange of the underlying principal amount. During 2002, such derivatives were used to hedge the variable cash flows associated with variable-rate debt. Under an interest rate swap in place at December 31, 2002, the Company received interest payments at a rate equal to LIBOR (1.44% at December 31, 2002) and paid interest at a fixed rate of 5.83%. The interest rate swap had a notional amount of \$80,000 and expired August 30, 2003.

Effective January 1, 2001, the Company determined that, with the exception of two swap agreements that expired during the first quarter of 2001, the Company's derivative instruments were effective and qualified for hedge accounting in accordance with SFAS No. 133. At December 31, 2002, the interest rate swap's fair value of \$2,412 was recorded in accounts payable and accrued liabilities.

The unrealized gains/losses recorded in accumulated other comprehensive loss are reclassified to earnings as interest expense when interest payments are made. This reclassification correlates with the timing of when hedged items are recognized in earnings. The change in net unrealized gains on cash flow hedges in 2003 and 2002 reflects a reclassification of net unrealized gains from accumulated other comprehensive loss to interest expense in the amounts of \$2,397 and \$4,387, respectively.

The Company is exposed to credit losses if the counterparty is unable to

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perform under the interest rate swap agreement. However, the Company anticipates that the counterparty will be able to fully satisfy its obligations under the contract. The Company does not obtain collateral or other security to support financial instruments subject to credit risk but monitors the credit standing of counterparties.

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NOTE 16. RELATED PARTY TRANSACTIONS

CBL's Predecessor and certain officers of the Company have a significant minority interest in the construction company that the Company engaged to build substantially all of the Company's development properties. The Company paid approximately \$163,617, \$96,185 and \$94,300 to the construction company in 2003, 2002, and 2001, respectively, for construction and development activities. The Company had accounts payable to the construction company of \$8,082 and \$16,963 at December 31, 2003 and 2002, respectively.

The Management Company provides management and leasing services to the Company's unconsolidated affiliates and other affiliated partnerships. Revenues recognized for these services amounted to \$1,077, \$2,502 and \$1,450 in 2003, 2002 and 2001, respectively.

NOTE 17. CONTINGENCIES

The Company is currently involved in certain litigation that arises in the ordinary course of business. It is management's opinion that the pending litigation will not materially affect the financial position or results of operations of the Company. Additionally, management believes that, based on environmental studies completed to date, any exposure to environmental cleanup will not materially affect the financial position and results of operations of the Company.

The Company has guaranteed 50% of the debt of Parkway Place L.P., an unconsolidated affiliate in which the Company owns a 45% interest. The total amount outstanding at December 31, 2003, was \$58,470, of which the Company has guaranteed \$29,235. The Company did not receive a fee for this guaranty.

Under the terms of the partnership agreement of Mall of South Carolina L.P., an unconsolidated affiliate in which the Company owns a 50% interest, the Company has guaranteed 100% of the construction debt to be incurred to develop Coastal Grand. The total amount outstanding at December 31, 2003 was \$46,384. The Company received a fee of \$1,572 for this guaranty during 2003 and will recognize \$786 of this fee as revenue pro rata over the term of the guaranty until it expires in May 2006, which represents the portion of the fee attributable to the third-party partner's ownership interest. The remaining \$786 attributable to the Company's ownership interest is recorded as a reduction in the Company's investment in the partnership. The Company recognized \$218 of revenue related to this guaranty during 2003.

The Company has guaranteed 100% of the debt of Imperial Valley Mall L.P., an unconsolidated affiliate in which the Company owns a 60% interest. The total amount outstanding at December 31, 2003, was \$418, of which the Company has guaranteed \$209.

NOTE 18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, receivables, accounts payable and accrued liabilities are reasonable estimates of their fair values because of the short maturity of these financial instruments. Based on the interest rates for similar financial instruments, the carrying value of mortgage

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notes receivable is a reasonable estimation of fair value. The fair value of mortgage and other notes payable was \$3,094,285 and \$2,637,219 at December 31, 2003 and 2002, respectively. The fair value was calculated by discounting future cash flows for the notes payable using estimated rates at which similar loans would be made currently.

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NOTE 19. STOCK INCENTIVE PLAN

The Company maintains the CBL & Associates Properties, Inc. 1993 Stock Incentive Plan, as amended, which permits the Company to issue stock options and common stock to selected officers, employees and directors of the Company. The shares available under the plan were increased from 4,000,000 to 5,200,000 during 2002. The Compensation Committee of the Board of Directors (the "Committee") administers the plan.

Stock Options

Stock options issued under the plan allow for the purchase of common stock at the fair market value of the stock on the date of grant. Stock options granted to officers and employees vest and become exercisable in installments on each of the first five anniversaries of the date of grant and expire 10 years after the date of grant. Stock options granted to independent directors are fully vested upon grant. However, the independent directors may not sell, pledge or otherwise transfer their stock options during their board term or for one year thereafter.

The Company's stock option activity for 2003, 2002 and 2001 is summarized as follows:

	2003		2002		
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	
Outstanding, beginning of year	2,533,417	\$ 5.51	2,351,967	\$ 3.39	2,
Granted	--	--	429,750	36.56	
Exercised	(323,259)	24.00	(209,600)	23.90	(
Canceled	(26,050)	30.92	(38,700)	28.28	
	2,184,108	25.67	2,533,417	25.51	2,
Options exercisable at end of year	1,461,658	23.20	1,425,817	22.26	1,
Weighted average fair value of options granted during the year	\$ --		\$ 3.50		\$

The following is a summary of the stock options outstanding at December 31, 2003:

Weighted Average Remaining	Weighted Average Exercise Price	W A E
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Exercise Price Range	Options Outstanding	Contractual Life in Years	Weighted Average Price of Options Outstanding	Options Exercisable	Options Reserved
\$19.5625 - \$21.6250	573,958	1.5	\$19.99	573,958	
\$23.6250 - \$25.6250	924,010	4.9	23.98	730,860	
\$27.6750 - \$39.8000	686,140	7.9	32.68	156,840	
Totals	2,184,108	5.0	\$25.67	1,461,658	

Stock Awards

Under the plan, common stock may be awarded either alone, in addition to, or in tandem with other stock awards granted under the plan. The Committee has the authority to determine eligible persons to whom common stock will be awarded, the number of shares to be awarded, and the duration of the vesting period, as defined. The Committee may also provide for the issuance of common stock under the plan on a deferred basis pursuant to deferred compensation arrangements, as described in Note 20.

In May 2003, the Company granted awards for 43,225 shares of the Company's common stock to employees. The terms of the awards allow for a recipient to vest

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and receive shares of common stock in equal installments on each of the first five anniversaries of the date of grant. Under the terms of the awards, the Company pays the recipient additional compensation, in an amount equal to the dividends paid on the Company's common stock, on the unvested portion of the award as if the recipient owned the unvested shares.

The Company recorded deferred compensation of \$1,870 when the awards were granted, based on the market value of the Company's common stock on the grant date, which was \$43.06 per share. The deferred compensation is being amortized on a straight-line basis as compensation expense over the five-year vesting period. The Company recognized \$248 of compensation expense in 2003 related to the amortization of deferred compensation. The Company also recorded a reduction to deferred compensation of \$15 for grants that were canceled during 2003.

During 2003, the Company issued an additional 43,606 shares of common stock to employees with a weighted-average grant date fair value of \$43.01. The shares vested immediately.

During 2002, the Company issued 73,228 shares of common stock with a weighted average grant-date fair value of \$35.21 per share. There were 41,516 shares that vested immediately. The remaining 31,712 shares vest at various dates from 2003 to 2007.

During 2001, the Company issued 69,735 shares of common stock with a weighted average grant-date fair value of \$27.62 per share. There were 44,537 shares of common stock that vested immediately. The remaining 25,198 shares of common stock vest at various dates from 2002 to 2006.

NOTE 20. EMPLOYEE BENEFIT PLANS

401 (k) Plan

The Management Company maintains a 401(k) profit sharing plan, which is

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qualified under Section 401(a) and Section 401(k) of the Code to cover employees of the Management Company. All employees who have attained the age of 21 and have completed at least one year of service are eligible to participate in the plan. The plan provides for employer matching contributions on behalf of each participant equal to 50% of the portion of such participant's contribution that does not exceed 2.5% of such participant's compensation for the plan year. Additionally, the Management Company has the discretion to make additional profit-sharing-type contributions not related to participant elective contributions. Total contributions by the Management Company were \$518, \$439 and \$391 in 2003, 2002 and 2001, respectively.

Employee Stock Purchase Plan

The Company maintains an employee stock purchase plan that allows eligible employees to acquire shares of the Company's common stock in the open market without incurring brokerage or transaction fees. Under the plan, eligible employees make payroll deductions that are used to purchase shares of the Company's common stock. The shares are purchased by the fifth business day of the month following the month when the deductions were withheld. The shares are purchased at the prevailing market price of the stock at the time of purchase.

Deferred Compensation Arrangements

The Company has entered into agreements with certain of its officers that allow the officers to defer receipt of selected salary increases and/or bonus compensation for periods ranging from 5 to 10 years.

For certain officers, the deferred compensation arrangements provide that when the salary increase or bonus compensation is earned and deferred, shares of the Company's common stock issuable under the 1993 Stock Incentive Plan are deemed set aside for the amount deferred. The number of shares deemed set aside

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is determined by dividing the amount of compensation deferred by the fair value of the Company's common stock on the deferral date, as defined in the arrangements. The shares set aside are deemed to receive dividends equivalent to those paid on the Company's common stock, which are then deemed to be reinvested in the Company's common stock in accordance with the Company's dividend reinvestment plan. When an arrangement terminates, the Company will issue shares of the Company's common stock to the officer equivalent to the number of shares deemed to have accumulated under the officer's arrangement. At December 31, 2003 and 2002, respectively, there were 93,796 and 80,532 shares that were deemed set aside in accordance with these arrangements.

For other officers, the deferred compensation arrangements provide that their bonus compensation is deferred in the form of a note payable to the officer. Interest accumulates on these notes at 7.0%. When an arrangement terminates, the note payable plus accrued interest is paid to the officer in cash. At December 31, 2003 and 2002, respectively, the Company had notes payable, including accrued interest, of \$296 and \$319 related to these arrangements.

NOTE 21. DIVIDENDS

On October 29, 2003, the Company declared a cash dividend of \$0.725 per share of common stock for the quarter ended December 31, 2003. The dividend was paid on January 16, 2004, to shareholders of record as of December 31, 2003. The total dividend of \$21,985 is included in accounts payable and accrued liabilities at December 31, 2003.

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On October 29, 2003, the Operating Partnership declared a distribution of \$18,309 to the Operating Partnership's limited partners. This distribution represented a distribution of \$0.725 per unit for each common unit and \$0.726 to \$0.844 per unit for the special common units in the Operating Partnership. The total distribution is included in accounts payable and accrued liabilities at December 31, 2003.

The allocations of dividends declared and paid for income tax purposes are as follows:

	Year Ended December 31,		
	2003	2002	2001
Dividends declared:			
Common stock	\$ 2.69	\$ 2.32	\$ 2.04
Series A preferred stock	\$ 2.05	\$ 2.25	\$ 2.25
Series B preferred stock	\$ 4.3752	\$ 2.3942	\$ --
Series C preferred stock	\$ 6.99653(1)	\$ --	\$ --
Allocations: (2)			
Ordinary income	98.83%	95.63%	92.16%
Capital gains 20% rate	0.00%	0.13%	3.80%
Capital gains 25% rate	1.17%(3)	4.24%	4.04%
Return of capital	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%

NOTE 22. QUARTERLY INFORMATION (UNAUDITED)

The following quarterly information differs from previously reported results since the results of operations of long-lived assets disposed of

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subsequent to each quarter end in 2003 have been reclassified to discontinued operations for all periods presented. Additionally, total revenues differs from previously reported amounts due to a reclassification made to conform to the fourth quarter and year-end presentations.

2003	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total revenues	\$163,683	\$162,570	\$163,115	\$178,163
Income from operations	78,005	77,733	77,684	83,657
Income before discontinued operations	23,312	24,649	24,192	67,256
Discontinued operations	3,162	58	717	793
Net income available to common shareholders	22,776	21,022	20,225	60,483
Basic per share data:				

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Income before discontinued operations, net of preferred dividends	\$ 0.66	\$ 0.70	\$ 0.65	\$ 1.98
Net income available to common shareholders	\$ 0.76	\$ 0.70	\$ 0.67	\$ 2.01
Diluted per share data:				
Income before discontinued operations, net of preferred dividends	\$ 0.64	\$ 0.67	\$ 0.62	\$ 1.89
Net income available to common shareholders	\$ 0.74	\$ 0.68	\$ 0.65	\$ 1.92

2002	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	-----	-----	-----	-----
Total revenues	\$141,929	\$145,353	\$144,078	\$155,610
Income from operations	69,646	69,040	68,617	76,910
Income before discontinued operations	17,070	20,252	20,510	24,681
Discontinued operations	1,929	669	649	(854)
Net income available to common shareholders	17,384	18,911	17,465	20,227
Basic per share data:				
Income before discontinued operations, net of preferred dividends	\$ 0.59	\$ 0.63	\$ 0.57	\$ 0.71
Net income available to common shareholders	\$ 0.66	\$ 0.65	\$ 0.59	\$ 0.68
Diluted per share data:				
Income before discontinued operations, net of preferred dividends	\$ 0.57	\$ 0.61	\$ 0.55	\$ 0.69
Net income available to common shareholders	\$ 0.64	\$ 0.63	\$ 0.57	\$ 0.66

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CBL & Associates Properties, Inc.
Schedule II Valuation and Qualifying Accounts (in thousands)

	Year Ended December 31,		
	2003	2002	2001
	-----	-----	-----
Allowance for doubtful accounts:			
Balance, beginning of year	\$ 2,861	\$ 2,865	\$ 1,85
Provision for credit losses	2,083	1,846	5,94
Bad debts charged against allowance	(1,707)	(1,850)	(4,93)
Balance, end of year	\$ 3,237	\$ 2,861	\$ 2,86
	=====	=====	=====

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CBL & ASSOCIATES PROPE
REAL ESTATE ASSETS AND ACCUMU
At December 31,
(In thousand

Description /Location	(B) Encumbr- ances	Initial Cost (A)		Costs Capitalized Subsequent to Acquisition	Sales of Outparcel Land	Gross Amounts Carried at Clo	
		Land	Buildings and Improv- ments			Land	Buildings and Improve- ments
MALLS:							
Arbor Place Douglasville, GA	\$79,570	\$7,637	\$95,330	\$11,360	\$ -	7,637	\$106,690
Asheville Mall Asheville, NC	69,541	7,139	58,747	27,636	(805)	6,334	86,383
Bonita Lakes Mall Meridian, MS	27,178	4,924	31,933	4,927	(985)	4,924	35,875
Brookfield Square Brookfield, WI	71,742	8,646	78,703	1,200	-	8,646	79,903
Burnsville Center Burnsville, MN	70,923	12,804	69,167	22,525	-	12,804	91,692
Sunrise Mall Brownsville, TX	40,000	11,156	59,047	22	-	11,156	59,069
Cary Towne Center Cary, NC	88,310	23,688	74,432	7,937	-	23,688	82,369
Cherryvale Mall Rockford, IL	45,727	11,892	63,973	3,049	(1,667)	10,225	67,022
Citadel Mall Charleston, SC	31,767	11,443	44,008	2,019	-	11,443	46,027
Cross Creek Mall Fayetteville, NC	73,975	18,717	101,983	13	-	18,717	101,996
College Square Morristown, TN	12,301	2,954	17,787	10,454	(27)	2,927	28,241
Columbia Place Columbia, SC	33,839	9,645	52,348	1,049	(423)	9,222	53,397

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Description /Location	(B) Encumbr- ances	Initial Cost (A)			Sales of Outparcel Land	Carried at Clo	
		Land	Buildings and Improv- ments	Costs Capitalized Subsequent to Acquisition		Land	Buildings and Improve- ments
Coolsprings Galleria Nashville, TN	60,322	13,527	86,755	25,932	-	13,527	112,687
East Towne Mall Madison, WI	27,791	4,496	63,867	11,790	-	4,496	75,657
Eastgate Mall Cincinnati, OH	41,125	13,046	44,949	20,320	-	13,046	65,269
Fashion Square Saginaw, MI	60,923	15,218	64,971	6,071	-	15,218	71,042
Fayette Mall Lexington, KY	104,020	20,707	84,267	816	-	20,707	85,083
Frontier Mall(E) Cheyenne, WY	--	2,681	15,858	10,639	-	2,681	26,497
Foothills Mall Maryville, TN	0	4,536	14,901	5,582	-	4,536	20,483
Georgia Square (E) Athens, GA	--	2,982	31,071	11,555	(23)	2,959	42,626
Hamilton Place Chattanooga, TN	65,448	2,880	42,211	17,387	(441)	2,439	59,598
Hanes Mall Winston-Salem, NC	111,515	17,176	133,376	23,086	(741)	17,254	155,643
Harford Mall Bel Air, MD	--	8,699	45,704	-	-	8,699	45,704
Hickory Hollow Mall Nashville, TN	89,500	13,813	111,431	15,402	-	13,813	126,833
JCPenney(E) Maryville, TN	-	-	2,650	-	-	-	2,650

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Description /Location	(B) Encumbr- ances	Initial Cost (A)			Sales of Outparcel Land	Gross Amounts Carried at Clo	
		Land	Buildings and Improv- ments	Costs Capitalized Subsequent to Acquisition		Land	Buildings and Improve- ments

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Janesville Mall Janesville, WI	14,255	8,074	26,009	1,292	-	8,074	27,301
Jefferson Mall Louisville, KY	44,325	13,125	40,234	10,948	-	13,125	51,182
The Lakes Mall (E) Muskegon, MI	----	3,328	42,366	5,232	-	3,328	47,598
Lakeshore Mall (E) Sebring, FL	----	1,443	28,819	3,962	(169)	1,274	32,781
Madison Square (E) Huntsville, AL	----	17,596	39,186	2,304	-	17,596	41,490
Meridian Mall Lansing, MI	95,479	529	103,678	54,197	0	2,232	156,172
Midland Mall Midland, MI	30,000	10,321	29,429	3,563	-	10,321	32,992
Northwoods Mall Charleston, SC	63,461	14,867	49,647	2,984	-	14,867	52,631
Oak Hollow Mall High Point, NC	45,960	4,344	52,904	3,091	-	4,344	55,995
Old Hickory Mall Jackson, TN	35,148	15,527	29,413	2,399	-	15,527	31,812
Panama City Mall Panama City, FL	40,144	9,017	37,454	940	-	9,028	38,383
Parkdale Mall Beaumont, TX	56,712	20,723	47,390	24,343	-	20,723	71,733
Pemberton Square (E) Vicksburg, MS	----	1,191	14,305	1,271	(947)	244	15,576

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Description /Location	(B) Encumbrances	Initial Cost (A)				Gross Amounts Carried at Close	
		Land	Buildings and Improv- ements	Costs Capitalized Subsequent to Acquisition	Sales of Outparcel Land	Land	Buildings and Improve- ments
Post Oak Mall (E) College Station, TX	----	3,936	48,948	(6,456)	(327)	3,609	42,492
Randolph Mall Asheboro, NC	15,328	4,547	13,927	5,731	-	4,547	19,658
Regency Mall Racine, WI	34,757	3,384	36,839	4,286	-	3,884	40,625

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Richland Mall Waco, TX	--	9,874	35,238	1,336	-	9,887	36,561
Rivergate Mall Nashville, TN	72,333	17,896	86,767	15,552	-	17,896	102,319
River Ridge Mall Lynchburg, VA	24,978	4,824	59,052	-	-	4,824	59,052
Southpark Mall Colonial Heights, VA	47,695	9,501	73,262	-	-	9,501	73,262
Stroud Mall Stroudsburg, PA	31,794	14,711	23,936	7,802	-	14,711	31,738
St. Clair Square Fairview Heights, IL	68,892	11,027	75,620	21,260	-	11,027	96,880
Towne Mall (E) Franklin, OH	--	3,101	17,033	691	-	3,101	17,724
Turtle Creek Mall Hattiesburg, MS	31,082	2,345	26,418	7,084	-	3,535	32,312
Twin Peaks Mall (E) Longmont, CO	--	1,874	22,022	16,058	(46)	1,828	38,080

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Description /Location	(B) Encumbr- ances	Initial Cost (A)				Gross Amounts Carried at Clo	
		Land	Buildings and Improv- ments	Costs Capitalized Subsequent to Acquisition	Sales of Outparcel Land	Land	Buildings and Improve- ments
Valley View Mall Roanoke, VA	54,396	15,985	77,771	-	-	15,985	77,771
Walnut Square (E) Dalton, GA	486	50	15,138	5,437	-	50	20,575
Wausau Center Wausau, WI	13,621	5,231	24,705	6,677	(5,231)	-	31,382
West Towne Mall Madison, WI	42,966	9,545	83,084	11,276	-	9,545	94,360
Westgate Mall Spartanburg, SC	55,063	2,149	23,257	42,560	(432)	1,742	65,792
Westmoreland Mall Greensburg, PA	83,703	4,621	84,215	1,817	-	4,621	86,032
York Galleria	50,875	5,757	63,316	2,844	-	5,757	66,160

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York, PA

ASSOCIATED CENTERS

Bonita Lakes Crossing Meridian, MS	8,516	794	4,786	8,191	-	794	12,977
Coolsprings Crossing (E) Nashville, TN	----	2,803	14,985	2,803	-	3,554	17,037
Courtyard at Hickory Hollow Nashville, TN	4,167	3,314	2,771	420	-	3,314	3,191
Eastgate Crossing Cincinnati, OH	10,393	707	2,424	854	-	707	3,278
Foothills Plaza (E) Maryville, TN	----	132	2,132	618	-	148	2,734

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Description /Location	(B) Encumbr- ances	Initial Cost (A)				Gross Amounts Carried at Clo	
		Land	Buildings and Improv- ments	Costs Capitalized Subsequent to Acquisition	Sales of Outparcel Land	Land	Buildings and Improve- ments
Foothills Plaza Expansion Maryville, TN	----	137	1,960	241	-	141	2,197
Frontier Square (E) Cheyenne, WY	----	346	684	208	(86)	260	892
General Cinema (E) Athens, GA	----	100	1,082	177	-	100	1,259
Gunbarrel Pointe (E) Chattanooga, TN	----	4,170	10,874	236	-	4,170	11,110
Hamilton Corner Chattanooga, TN	2,503	960	3,670	1,179	(226)	734	4,849
Hamilton Crossing Chattanooga, TN	----	4,014	5,906	512	(1,370)	2,644	6,418
Hamilton Place Outparcel Chattanooga, TN	----	322	408	63	-	322	471
Harford Annex Bel Air, MD	--	2,854	9,718	-	-	2,854	9,718
The Landing at Arbor Place	8,982	4,993	14,330	521	-	4,993	14,851

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Douglasville, GA

Madison Plaza(E) Huntsville, AL	----	473	2,888	1,023	-	473	3,911
Parkdale Crossing Beaumont, TX	8,954	2,994	7,408	1,892	-	2,994	9,300
The Shoppes At Hamilton Place Chattanooga, TN	-	4,894	11,700	-	-	4,894	11,700

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Description /Location	(B) Encumbr- ances	Initial Cost (A)				Sales of Outparcel Land	Land	Buildings and Improve- ments	Gross Amounts Carried at Clo
		Land	Buildings and Improv- ments	Costs Capitalized Subsequent to Acquisition	Land				
Sunrise Commons(E) Brownsville, TX	--	911	7,525	3	-	911	7,528		
The Terrace Chattanooga, TN	-	4,166	9,929	10	-	4,166	9,939		
Village at Rivergate Nashville, TN	3,417	2,641	2,808	744	-	2,641	3,552		
West Towne Crossing Madison, WI	-	1,151	2,955	-	-	1,151	2,955		
Westgate Crossing Spartanburg, SC	9,659	1,082	3,422	6,320	-	1,082	9,742		
Westmoreland South Greensburg, PA	-	2,898	21,167	31	-	2,898	21,198		
COMMUNITY CENTERS									
BJ's Wholesale Portland, ME	2,578	170	4,735	13	-	170	4,748		
CBL Center Chattanooga, TN	14,763	140	24,675	180	-	140	24,855		
Cedar Springs Crossing Cedar Springs, MI	----	206	1,845	166	-	206	2,011		
Northcreek Plaza Greenwood, SC	----	97	1,201	52	-	97	1,253		
Oaks Crossing Otsego, MI	----	571	2,885	(1,417)	-	655	1,384		

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Keystone Crossing ----- 938 2,216 73 (113) 825 2,289
 Tampa, FL

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Gross Amounts
 Carried at Clo

Description /Location	(B) Encumbr-	Initial Cost (A)					Land	Buildings and Improve-
		Land	Buildings and Improv- ments	Costs Capitalized Subsequent to Acquisition	Sales of Outparcel Land	Land		
Sattler Square Big Rapids, MI	----	792	4,155	1,047	(87)	705	5,202	
Springdale Mall Mobile, AL	----	19,538	6,676	28,661	-	19,539	35,336	
Uvalde Plaza Uvalde, TX	446	574	1,506	64	(255)	319	1,570	
Village at Wexford Cadillac, MI	----	555	3,009	147	-	501	3,210	
Village Square Houghton Lake, MI	----	142	3,591	(233)	-	142	3,358	
34th St Crossing St. Petersburg, FL	----	1,102	2,743	172	(79)	1,023	2,915	
OTHER								
High Point, NC - Land	----	----	----	2,764	--	893	1,871	
Other (F)	376,000	15,790	408	(2,471)	--	13,319	408	
TOTALS	\$2,709,348 =====	\$3,126,028 =====				\$ (14,480) =====	\$3,678,074 =====	
		\$588,320 =====		\$556,516 =====		\$578,310 =====	\$	
Developments in Progress	--	--	--	--	--	--	--	

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Gross Amounts
 Carried at Clo

Description /Location	(B) Encumbr-	Initial Cost (A)					Land	Buildings and Improve-
		Land	Buildings and Improv- ments	Costs Capitalized Subsequent to Acquisition	Sales of Outparcel Land	Land		

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Description /Location	ances	Land	ments	Acquisition	Land	Land	ments
ASSETS HELD FOR SALE:							
Longview Crossing Longview, NC	----	----	1,308	446	-	-	1,754
Springs Crossing Hickory, NC	----	----	1,422	937	-	-	2,359
Stone East Plaza Kingsport, TN	----	266	1,635	298	(49)	217	1,933
Valley Crossing Hickory, NC	----	2,390	6,471	5,778	(37)	3,034	11,568
Willow Springs Nashua, NH	2,871	2,917	6,107	5,244	-	2,917	11,351
Waterford Commons Waterford, CT	25,883	7,731	30,121	-	-	7,731	30,121
Total	\$ 28,754	\$ 47,064			\$ (86)	\$ 59,086	
		\$ 13,304		\$ 12,703		\$ 13,899	

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CBL & ASSOCIATES PROPERTIES, INC.

REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION

The changes in real estate assets and accumulated depreciation for the years ending December 31, 2003, 2002, and 2001 are set forth below: (in thousands).

	Year Ended December 31,	
	2003	2002
REAL ESTATE ASSETS:		
Balance at beginning of period	\$4,046,324	\$3,548,562
Additions during the period:		
Additions and improvements	218,394	351,357
Acquisitions of property	506,865	253,126
Deductions during the period:		
Cost of sales	(339,693)	(106,484)
Write off of development projects	(2,056)	(236)
Balance at end of period	\$4,379,834	\$4,046,324

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ACCUMULATED DEPRECIATION:

Balance at beginning of period	\$434,840	\$346,940
Depreciation expense	111,473	93,316
Acquisition of additional interests in real estate assets	--	7,721
Accumulated depreciation on assets held for sale	(8,632)	--
Real estate assets sold or retired	(70,067)	(13,137)
Balance at end of period	\$467,614	\$434,840

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SCHEDULE IV

CBL & ASSOCIATES PROPERTIES, INC.
MORTGAGE NOTES RECEIVABLE ON REAL ESTATE
AT DECEMBER 31, 2003

(In thousands)

Name Of Center/Location	Interest Rate	Final Maturity Date	Monthly Payment Amount (1)	Balloon Payment At Maturity	Prior Liens	Face Amount Of Mortgage	Carry Amount Mortg
Bi-Lo South Cleveland, TN	9.50%	Aug-06	\$ 22	\$ 145	None	\$ 1,480	\$
Gaston Square Gastonia, NC	7.50%	Jun-19	16	-	None	1,870	1,
Girvin Plaza Jacksonville, FL	8.00%	Aug-04	19 (4)	2,800	None	2,800	2,
Inlet Crossing Myrtle Beach, SC	7.50%	Jun-19	24	-	None	2,830	2,
Olde Brainerd Centre Chattanooga, TN	9.50%	Dec-06	4 (4)	14	Yes	2,542	
Park Place Chattanooga, TN	2.30%	Apr-07	19	2,602	None	3,118	3,
Park Village Lakeland, FL	8.25%	Jan-11	7	-	Yes	1,270	
Rhett at Remount Charleston, SC	8.25%	May-04	13 (4)	1,960	Yes	1,960	1,

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Rockingham Rockingham, NH	6.75%	Dec-04	56 (4)	10,000	None	10,000	10,
Signal Hills Plaza Statesville, NC	7.50%	Jun-19	5	-	Yes	650	
Soddy Daisy Plaza Soddy Daisy, TN	9.50%	Dec-06	4 (4)	45	Yes	1,695	
Wilkes-Barre Township Marketplace (3) Wilkes-Barre Township, PA	7.00%	Oct-22	-	3,885	None	3,885	3,
Other	3.4%-9.5%	Jan-04- Jan-19	13	7,269		8,985	8,6
			-----	-----		-----	-----
			\$ 145	\$ 12,043		\$43,085	\$ 36,1
			=====	=====		=====	=====

The changes in mortgage notes receivable for the years ending December 31, 2003, 2002, and 2001 is set forth below: (in thousands).

	Year Ended December 31,		
	2003	2002	2001
Beginning balance	\$23,074	\$10,634	\$ 8,756
Additions	14,934	14,578	2,874
Payments	(1,839)	(2,138)	(996)
Ending balance	\$36,169	\$23,074	\$10,634

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Exhibit 21

SUBSIDIARIES OF THE COMPANY

SUBSIDIARY	STATE OF INCORPORATION OR FORMATION
APWM, LLC	Georgia
Arbor Place GP, Inc.	Georgia
Arbor Place II, LLC	Delaware
Arbor Place Limited Partnership	Georgia
Asheville, LLC	North Carolina
BJ/Portland Limited Partnership	Maine
Bonita Lakes Mall Limited Partnership	Mississippi
Brookfield Square Joint Venture	Ohio
Burnsville Minnesota, LLC	Minnesota

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Cadillac Associates Limited Partnership	Tennessee
Capital Crossing Limited Partnership	North Carolina
Cary Venture Limited Partnership	Delaware
CBL & Associates Limited Partnership	Delaware
CBL & Associates Management, Inc.	Delaware
CBL Holdings I, Inc.	Delaware
CBL Holdings II, Inc.	Delaware
CBL Jarnigan Road, LLC	Delaware
CBL Morristown, LTD.	Tennessee
CBL Old Hickory Mall, Inc.	Tennessee
CBL Terrace Limited Partnership	Tennessee
CBL/34th Street St. Petersburg Limited Partnership	Florida
CBL/Anderson Plaza, LLC	South Carolina
CBL/Bartow Limited Partnership	Florida
CBL/Beach Crossing, LLC	South Carolina
CBL/BFW Kiosks, LLC	Delaware
CBL/Briarcliff Square, LLC	Tennessee
CBL/Brookfield I, LLC	Delaware
CBL/Brookfield II, LLC	Delaware
CBL/Buena Vista Limited Partnership	Georgia
CBL/Bulloch Plaza, LLC	Georgia
CBL/Cary I, LLC	Delaware
CBL/Cary II, LLC	Delaware
CBL/Cedar Bluff Crossing Limited Partnership	Tennessee
CBL/Cherryvale I, LLC	Delaware
CBL/Chestnut Hills, LLC	Kentucky
CBL/Citadel I, LLC	Delaware
CBL/Citadel II, LLC	Delaware
CBL/Columbia I, LLC	Delaware
CBL/Columbia II, LLC	Delaware
CBL/Columbia Place, LLC	Delaware
CBL/Conway Plaza, LLC	South Carolina

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SUBSIDIARY	STATE OF INCORPORATION OR FORMATION
-----	-----
CBL/Cosby Station, LLC	Georgia
CBL/County Park Plaza, LLC	Alabama
CBL/Devonshire Place, LLC	North Carolina
CBL/East Ridge Crossing, LLC	Tennessee
CBL/Eastgate I, LLC	Delaware
CBL/Eastgate II, LLC	Delaware
CBL/Fayette I, LLC	Delaware
CBL/Fayette II, LLC	Delaware
CBL/Fifty-Eight Crossing, LLC	Tennessee
CBL/Foothills Plaza Partnership	Tennessee
CBL/Garden City Plaza, LLC	Kansas
CBL/GP Cary, Inc.	North Carolina
CBL/GP I, Inc.	Tennessee
CBL/GP II, Inc.	Wyoming
CBL/GP III, Inc.	Mississippi
CBL/GP V, Inc.	Tennessee
CBL/GP VI, Inc.	Tennessee
CBL/GP, Inc.	Wyoming
CBL/Greenport Towne Center, LLC	New York
CBL/Hampton Plaza, LLC	Florida
CBL/Henderson Square, LLC	North Carolina

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CBL/Huntsville, LLC	Delaware
CBL/Imperial Valley GP, LLC	California
CBL/J I, LLC	Delaware
CBL/J II, LLC	Delaware
CBL/Jasper Square, LLC	Alabama
CBL/Jefferson I, LLC	Delaware
CBL/Jefferson II, LLC	Delaware
CBL/Karnes Corner Limited Partnership	Tennessee
CBL/Kentucky Oaks, LLC	Delaware
CBL/Lady's Island, LLC	South Carolina
CBL/Longview Crossing, LLC	North Carolina
CBL/Low Limited Partnership	Wyoming
CBL/Lunenburg Crossing, LLC	Massachusetts
CBL/Madison I, LLC	Delaware
CBL/Madison I, LLC	Delaware
CBL/Marketplace at Flower Mound, LLC	Texas
CBL/Midland I, LLC	Delaware
CBL/Midland II, LLC	Delaware
CBL/MSC II, LLC	South Carolina
CBL/MSC, LLC	South Carolina
CBL/Nashua Limited Partnership	New Hampshire
CBL/North Haven Crossing, LLC	Connecticut
CBL/North Haven, Inc.	Connecticut

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SUBSIDIARY	STATE OF INCORPORATION OR FORMATION
-----	-----
CBL/Northridge Plaza, LLC	South Carolina
CBL/Northwoods I, LLC	Delaware
CBL/Northwoods II, LLC	Delaware
CBL/Northwoods Plaza, LLC	North Carolina
CBL/Old Hickory I, LLC	Delaware
CBL/Old Hickory II, LLC	Delaware
CBL/Parkdale Crossing GP, LLC	Delaware
CBL/Parkdale Crossing, L.P.	Texas
CBL/Parkdale Mall GP, LLC	Delaware
CBL/Parkdale Mall, L.P.	Texas
CBL/Parkdale, LLC	Texas
CBL/Perimeter Place Limited Partnership	Tennessee
CBL/Plant City Limited Partnership	Florida
CBL/Plantation Plaza, L.P.	Virginia
CBL/Rawlinson Place Limited Partnership	Tennessee
CBL/Regency I, LLC	Delaware
CBL/Regency II, LLC	Delaware
CBL/Richland G.P., LLC	Texas
CBL/Richland Mall, L.P.	Texas
CBL/Springs Crossing Limited Partnership	Tennessee
CBL/Statesboro Square, LLC	Georgia
CBL/Stone East Plaza, LLC	Tennessee
CBL/Stroud, Inc.	Pennsylvania
CBL/Suburban, Inc.	Tennessee
CBL/Sunrise Commons GP, LLC	Delaware
CBL/Sunrise Commons, L.P.	Texas
CBL/Sunrise GP, LLC	Delaware
CBL/Sunrise Land, LLC	Texas
CBL/Sunrise Mall, L.P.	Texas

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CBL/Sunrise XS Land, L.P.	Texas
CBL/Tampa Keystone Limited Partnership	Florida
CBL/Towne Mall I, LLC	Delaware
CBL/Towne Mall II, LLC	Delaware
CBL/Uvalde, Ltd.	Texas
CBL/Valley Commons, LLC	Virginia
CBL/Valley Crossing, LLC	North Carolina
CBL/Wausau I, LLC	Delaware
CBL/Wausau II, LLC	Delaware
CBL/Wausau III, LLC	Delaware
CBL/Wausau IV, LLC	Delaware
CBL/Westmoreland Ground, LLC	Pennsylvania
CBL/Westmoreland I, LLC	Pennsylvania
CBL/Westmoreland II, LLC	Pennsylvania
CBL/Westmoreland, L.P.	Pennsylvania

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SUBSIDIARY	STATE OF INCORPORATION OR FORMATION
-----	-----
CBL/Weston I, LLC	Delaware
CBL/Weston II, LLC	Delaware
CBL/Windsor, LLC	Colorado
CBL/York, Inc.	Pennsylvania
Charleston Joint Venture	Ohio
Charter Oak Marketplace, LLC	Connecticut
Chester Square Limited Partnership	Virginia
Chesterfield Crossing, LLC	Virginia
Cobblestone Village at Royal Palm Beach, LLC	Florida
College Station Partners, Ltd.	Texas
Columbia Joint Venture	Ohio
Coolsprings Crossing Limited Partnership	Tennessee
Cortlandt Town Center Limited Partnership	New York
Cortlandt Town Center, Inc.	New York
Courtyard at Hickory Hollow Limited Partnership	Delaware
Creekwood Gateway, LLC	Florida
Cross Creek Mall, LLC	North Carolina
Crossville Associates Limited Partnership	Tennessee
CV at North Columbus, LLC	Georgia
Development Options, Inc.	Wyoming
Development Options/Cobblestone, LLC	Florida
East Towne Crossing Limited Partnership	Tennessee
Eastgate Company	Ohio
Eastridge, LLC	North Carolina
ERMC II, L.P.	Tennessee
ERMC III, L.P.	Tennessee
ERMC IV, LP	Tennessee
ERMC V, L.P.	Tennessee
Fayette Development Property, LLC	Kentucky
Foothills Mall Associates, LP	Tennessee
Foothills Mall, Inc.	Tennessee
Frontier Mall Associates Limited Partnership	Wyoming
Galileo America, LLC	Delaware
Georgia Square Associates, Ltd.	Georgia
Georgia Square Partnership	Georgia
Governor's Square Company IB	Ohio
Governor's Square Company	Ohio

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Gunbarrel Commons, LLC	Tennessee
Harford Mall Business Trust	Maryland
Henderson Square Limited Partnership	North Carolina
Hickory Hollow Courtyard, Inc.	Delaware
Hickory Hollow Mall Limited Partnership	Delaware
Hickory Hollow Mall, Inc.	Delaware
High Point Development Limited Partnership	North Carolina

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SUBSIDIARY	STATE OF INCORPORATION OR FORMATION

High Point Development Limited Partnership II	North Carolina
Houston Willowbrook LLC	Texas
Imperial Valley Mall, L.P.	California
Janesville Mall Limited Partnership	Wisconsin
Janesville Wisconsin, Inc.	Wisconsin
Jarnigan Road II, LLC	Delaware
Jarnigan Road Limited Partnership	Tennessee
Jefferson Mall Company	Ohio
Jefferson Mall Company II, LLC	Delaware
JG Randolph II, LLC	Delaware
JG Randolph, LLC	Ohio
JG Saginaw II, LLC	Delaware
JG Saginaw, LLC	Ohio
JG Winston-Salem, LLC	Ohio
Kentucky Oaks Mall Company	Ohio
LaGrange Commons Limited Partnership	New York
Lakeshore/Sebring Limited Partnership	Florida
LeaseCo, Inc.	New York
Lebcon Associates	Tennessee
Lebcon I, Ltd.	Tennessee
Lee Partners	Tennessee
Lexington Joint Venture	Ohio
Madison Joint Venture	Ohio
Madison Plaza Associates, Ltd.	Alabama
Madison Square Associates, Ltd.	Alabama
Mall of South Carolina Limited Partnership	South Carolina
Mall of South Carolina Outparcel Limited Partnership	South Carolina
Mall Shopping Center Company, L.P.	Texas
Maryville Department Stores Associates	Tennessee
Maryville Partners, L.P.	Tennessee
Massard Crossing Limited Partnership	Arkansas
Meridian Mall Company, Inc.	Michigan
Meridian Mall Limited Partnership	Michigan
Midland Joint Venture	Michigan
Montgomery Partners, L.P.	Tennessee
Mortgage Holdings, LLC	Delaware
NewLease Corp.	Tennessee
North Charleston Joint Venture	Ohio
North Charleston Joint Venture II, LLC	Delaware
Oak Ridge Associates Limited Partnership	Tennessee
Old Hickory Mall Venture	Tennessee
Old Hickory Mall Venture II, LLC	Delaware
Panama City Mall, LLC	Delaware
Panama City Peripheral, LLC	Florida

SUBSIDIARY	STATE OF INCORPORATION OR FORMATION
Park Village Limited Partnership	Florida
Parkdale Crossing GP, Inc.	Texas
Parkdale Crossing Limited Partnership	Texas
Parkdale Mall Associates	Texas
Parkway Place Limited Parntership	Alabama
Parkway Place, Inc.	Alabama
Post Oak Mall Associates Limited Partnership	Texas
PPG Venture I, LP	Delaware
Property Taxperts, LLC	Nevada
Racine Joint Venture	Ohio
Racine Joint Venture II, LLC	Delaware
RC Jacksonville, LC	Florida
RC Strawbridge Limited Partnership	Virginia
River Ridge Mall, LLC	Virginia
Rivergate Mall Limited Partnership	Delaware
Rivergate Mall, Inc.	Delaware
Salem Crossing Limited Partnership	Virginia
Sand Lake Corners Limited Partnership	Florida
Sand Lake Corners, LC	Florida
Seacoast Shopping Center Limited Partnership	New Hampshire
Shopping Center Finance Corp.	Wyoming
Southaven Towne Center, LLC	Mississippi
Southpark Mall, LLC	Virginia
Springdale/Mobile GP II, Inc.	Alabama
Springdale/Mobile GP, Inc.	Alabama
Springdale/Mobile Limited Partnership	Alabama
Springdale/Mobile Limited Partnership II	Alabama
St. Clair Square GP, Inc.	Illinois
St. Clair Square Limited Partnership	Illinois
Sterling Creek Commons Limited Partnership	Virginia
Stoney Brook Landing LLC	Kentucky
Stroud Mall LLC	Pennsylvania
Sutton Plaza GP, Inc.	New Jersey
Sutton Plaza Limited Partnership	New Jersey
The Galleria Associates, L.P.	Tennessee
The Lakes Mall, LLC	Michigan
The Landing at Arbor Place II, LLC	Delaware
The Marketplace at Mill Creek, LLC	Georgia
The Shoppes at Hamilton Place, LLC	Tennessee
Towne Mall Company	Ohio
Turtle Creek Limited Partnership	Mississippi
Twin Peaks Mall Associates, Ltd.	Colorado
Valley View Mall, LLC	Virginia
Vicksburg Mall Associates, Ltd.	Mississippi

SUBSIDIARY	STATE OF INCORPORATION OR FORMATION
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Village at Rivergate Limited Partnership	Delaware
Village at Rivergate, Inc.	Delaware
Walnut Square Associates Limited Partnership	Wyoming
Waterford Commons of CT II, LLC	Delaware
Waterford Commons of CT III, LLC	Connecticut
Waterford Commons of CT, LLC	Delaware
Wausau Joint Venture	Ohio
Westgate Crossing Limited Partnership	North Carolina
Westgate Mall II, LLC	Delaware
Westgate Mall Limited Partnership	South Carolina
Weston Management Company Limited Partnership	Delaware
Wilkes-Barre Marketplace GP, LLC	Pennsylvania
Wilkes-Barre Marketplace I, LLC	Pennsylvania
Wilkes-Barre Marketplace, L.P.	Pennsylvania
Willowbrook Plaza Limited Partnership	Maine
York Galleria Limited Partnership	Virginia