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CBL & ASSOCIATES PROPERTIES INC
Form 8-K
October 30, 2002

Securities Exchange Act of 1934 -- Form 8-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report:
October 30, 2002

CBL & ASSOCIATES PROPERTIES, INC.

(Exact name of registrant as specified in its charter)

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

2030 Hamilton Place Boulevard, Chattanooga, TN 37421

(Address of principal executive offices)

Registrant's telephone number, including area code:

(423) 855-0001

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CBL & ASSOCIATES PROPERTIES, INC.
Conference Call, Third Quarter 2002
October 30, 2002 @ 10:00 a.m. EDT

Thank you and good morning. We appreciate your participation in today's call to discuss our results for the third quarter of 2002. With me today is John Foy, the Company's Vice Chairman and Chief Financial Officer, and Charlie Willett, Senior Vice President of Finance, who will first read our Safe Harbor disclosure.

This conference call contains "forward-looking" statements within the

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

I would like to note that our dividend has increased substantially. And that a transcript of today's comments including the preliminary balance sheet, detailed debt schedule, development schedule and leasing information will be filed today as a form 8-K and will be available upon request. This call is also available for replay on the Internet through a link on our website at cblproperties.com. This conference call is the property of CBL & Associates Properties, Inc. Any redistribution, retransmission or rebroadcast of this call without the express written consent of CBL is strictly prohibited.

Thank you, Charlie.

As our earnings release stated, the third quarter was a very successful one for our company in a number of respects. We are pleased to be able to report 12.3% FFO growth year to date and an 18% dividend increase. We have a number of exciting accomplishments to discuss on today's call. Let's start with our development program.

DEVELOPMENTS

Two weeks ago we held the very successful Grand Opening of Parkway Place Mall in Huntsville, AL. This mall was developed with our 50/50 joint venture partner Colonial Properties Trust. Parkway Place represents the complete redevelopment of an older urban mall the venture purchased in 1998, demolished and rebuilt in phases. Parkway Place has 630,000 square feet and is anchored by two flagship department stores; Parisian that opened last fall and Dillard's that opened with the mall on October 16. The mall opened 75% leased and committed and we expect that the mall will reach 85% occupancy by the fourth quarter of 2003. We have an excellent lineup of tenants that are new to the Huntsville market including Williams Sonoma, Chico's, Jos A. Bank and Hollister. The initial yield for the project after development and management fees is 8.5% with a stabilized yield of 10%.

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During the third quarter we commenced construction on The Mall of South Carolina at Myrtle Beach, SC, a 50/50 joint venture with Burroughs and Chapin, that contributed the land to the venture. The mall will be anchored by Belk, Dillard's and Sears and will contain a Bed, Bath & Beyond, a Border's Bookstore and Dick's Sporting Goods as junior anchors. In addition we have more than 60% of the mall shop space committed, which is encouraging to us given that the mall will not open until March 2004. Upon the opening of this mall the older, undersized Myrtle Square Mall, which is owned by our partner, will close.

Including the Myrtle Beach mall, we have a total of 2.4 million square feet under construction. This includes two associated centers: The Shoppes at Hamilton Place, Chattanooga, TN, and Parkdale Crossing, Beaumont, TX, and two community centers, Waterford Commons, Waterford, CT and Cobblestone Village, St. Augustine, FL. We have several other projects in the development pipeline, which

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is driven by retailers who direct us to markets in which they are seeking to expand. We will continue to be conservative as we consider new development opportunities.

Our proforma share of the total investment of the new projects currently under construction is approximately \$169.6 million, of which \$47.6 million has been invested as of September 30, 2002. Construction loans or credit facilities are in place for the remaining costs. Initial unleveraged yields on these developments are expected to range from 9% to 10%, after management and development fees, with stabilized yields ranging from 10-11%.

Also during this quarter, many exciting development activities were announced at our properties:

- |X| Rich's, a division of Federated, will open as the fifth department store at Arbor Place Mall in Atlanta, GA in the fall of 2004.
- |X| At Parkdale Mall, Foley's department store held an August grand opening of their 170,000 square foot department store that replaced a closed Montgomery Ward's. Also under construction in the mall is a 26,000 square foot Linens-n-Things that will open in the summer of 2003. The total renovation of Parkdale Mall commenced in August and will be completed in August 2003.
- |X| At Meridian Mall, in Lansing, Michigan, Gaylan's opened their new 80,000 square foot store in August and last month Younkers announced they will open next spring in the closed Jacobson's store.
- |X| Dillard's opened two new department stores: one at Randolph Mall, Asheboro, NC, which replaced a closed Rose's and the other at Asheville Mall, Asheville, NC replacing a vacated Montgomery Ward's.
- |X| Dillard's will also be opening their expanded store at Jefferson Mall in Louisville, KY in November.
- |X| During the quarter, we added a 10,000 square foot David's Bridal to the Springdale Mall, Mobile, AL.

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We are renovating seven malls at this time and five of these will be completed for the holiday season. We continue to see strong results at our malls, and believe that their updated look is a big part of this success with the retailers and customers.

LEASING & OCCUPANCY

As of the third quarter, we increased the total portfolio's occupancy to 92.8%, a 170 basis point improvement over the second quarter's occupancy and a 60 basis point improvement over the same quarter one year ago. These increases indicate the fundamental stability of our properties as well as the success of our pro-active leasing strategy. We expect that the occupancy levels at year-end will be slightly higher than in the third quarter.

During the third quarter we executed over 300,000 square feet of new leases and renewed 204,000 square feet of existing tenants for a total of approximately 504,000 square feet.

For the quarter, average renewal base rents, as compared to prior base rents increased 15.2% in the malls, 6.7% in the associated centers, and 4.6% in the community centers. On new leases, the average base rents increased 22.4% over the rent paid by the prior tenant. For the first nine months of 2002, we had 158,000 square feet of bankruptcies compared to 368,000 square feet for the first nine months of 2001. Our 8-K filing will include a schedule detailing the leasing of new and renewal tenants.

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DISPOSITIONS/ACQUISITIONS

During the third quarter there was no disposition or acquisition activity. Subsequent to the quarter we sold a community center property, Salem Crossing in Virginia Beach, VA, which will be reflected in the fourth quarter results. We continue to look at acquisition opportunities where we can enhance the value of the property through our aggressive hands-on approach to leasing, specialty leasing and management.

I will now turn the call over to John Foy to discuss the financial results for the quarter.

INCOME STATEMENT REVIEW

The third quarter results reflected improved operating performance. Let me briefly review the financial results:

1. FFO per share increased 6.2% over the prior year. Of this increase, 40% was a result of the addition of The Lakes Mall, Muskegon, Michigan, the acquisition of the remaining partnership interest in Columbia Place, Columbia, SC, and the acquisition of Panama City Mall, Panama City, FL and Richland Mall, Waco, TX. The other 60% of our growth was attributable to increases in occupancy, base rents and interest savings.
 2. Our cost recovery ratio was 93.1% for the nine months compared to 98% for the same period a year ago. The cost recovery ratio trended down as a result of bankruptcies, store closings and new lease negotiations with certain tenants. We anticipate that our cost recovery ratio will be approximately 93% to 94% for the full year 2002.
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3. For the quarter, outparcel sales would have increased FFO by \$0.01 per share to \$1.04. Before consideration of outparcel sales, our dividend payout ratio for the quarter was 53.9% based on a fully diluted, converted share count. Including outparcel sales, the payout ratio was 53.4%.
 4. As announced, we are increasing the dividend for the fourth quarter by 18% to \$0.655 per share and we expect to have an annualized dividend of at least \$2.62 through 2003. We will continue to maintain a conservative dividend payout ratio.

Also, a good indication of the strength of our balance sheet is the fact that, considering available extension options, we do not have any debt maturities in the next fifteen months other than normal principal amortization.

As we stated in our news release, same-center NOI growth was a positive 1.4% for the total portfolio, driven by increased rents and occupancy levels. The breakdown for the third quarter by property type is as follows:

1. The same-center mall NOI increased 1.4% with lease termination fees, and 2.0% without, as lease termination fees were less this quarter than in the same period last year.
2. NOI for the associated centers increased by 9% due to releasing of space vacated last year as a result of bankruptcies.

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3. Same-center community center NOI decreased 1.8% for the quarter. The vacancies resulting from the bankruptcy of both Home Place at Kingston Overlook in Knoxville, TN and Quality Stores at Sattler Square in Big Rapids, MI, continued to impact community center results. The space at Sattler Square has been released to two tenants, both of which are under construction and scheduled to open within the next few months. The Kingston Overlook property has a lease under negotiation for the entire vacant space and we expect that lease will become operative in the first half of 2003.

CAPITAL EXPENDITURES

Year to date we have spent \$19.1 million on tenant allowances, which include deferred leasing costs of \$1.2 million, \$10.5 million on revenue neutral capital expenditures and \$44.4 million on revenue enhancing capital expenditures. Year-to-date, the revenue neutral expenditures included the following: \$4.0 million spent on resurfacing and the improved lighting of parking lots, \$6.4 million for roof repairs and replacements, and a small portion of this amount was included in the renovation costs. Revenue neutral capital expenditures are billed to the tenants as common area maintenance expense and the vast majority is recovered over a five to fifteen year period. Revenue enhancing capital expenditures are for remodeling and upgrades of our malls of which approximately 30% are recoverable from tenants.

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In 2002, for the total portfolio, we are projecting to spend \$25 million on tenant allowances, \$35 million in revenue neutral and \$62 million on revenue enhancing capital expenditures.

RETAIL SALES

Based upon the criteria of including only stores of 10,000 square feet and less for mall stores, same store sales year to date decreased 1.5% for those tenants reporting. Total mall shop sales volume decreased to \$1.867 billion for the first nine months compared to \$1.951 billion for the same period in 2001.

Occupancy cost as a percentage of sales at our malls was 13.8% for the nine months ending September 30, 2002 compared to 12.8% for the same period one year ago. Occupancy cost as a percentage of sales has increased due to the relatively flat sales results reported by the retailers, while certain operating expenses and other recoverable costs have increased.

CORPORATE GOVERNANCE

At the recommendation of the Audit Committee, the Board of Directors stated that effective January 1, 2003 the Company will begin expensing stock options granted after that date. In anticipation of new rules being considered by the SEC and the New York Stock Exchange, the Company is actively involved in updating the charters for all of its committees. We have also formed a Nominating/Corporate Governance Committee.

CONCLUSION

Based on our third quarter results and barring any further disruptions from unforeseen economic events, we are comfortable with the current First Call consensus estimate of \$4.31 for 2002 and \$4.58 for 2003.

Before we open the call for Q&A I would like to share our thoughts on the following:

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- [X] At CBL, we continuously challenge ourselves to improve upon our results and performance. Our sound and disciplined management approach to our business has resulted in sustained success for the Company and our shareholders.
- [X] Despite the difficult economy, our properties continue to perform well as evidenced by our improved occupancy and relatively stable sales.
- [X] Not only the state of our portfolio is important to us, but also the strength of our balance sheet. As of September 30, 2001 our debt to market capitalization was 62.3%. As of September 30, 2002 our debt to market capitalization was 50.3%. Granted, last year we had the tragic events of September 11, 2001 which impacted our stock price. Since that time we have done a common offering, which raised \$115M, completed a preferred offering which raised \$100M and closed a 10-year fixed rate CMBS transaction of \$407M. All of this was accomplished and we were still able to show a growth in our FFO on a per share basis for the nine months of 12.3%

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- [X] Given the strength of our balance sheet, we have the flexibility to make acquisitions and pursue other growth opportunities as they arise. We have and will continue to look at new markets where we can further geographically diversify our portfolio.

We appreciate the confidence and support. Thank you again for joining us today and we welcome the opportunity to show you our newest development Parkway Place in Huntsville, Alabama. We also look forward to seeing many of you next week at NAREIT. Stephen and I will now be happy to answer your questions that you have.

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PROPERTIES UNDER RENOVATION AS OF SEPTEMBER 30, 2002

| Property | Location | Est. Total Cost (in millions) | Cost To Date (in millions) | Comp |
|------------------|----------------------|----------------------------------|----------------------------------|--------|
| Columbia Mall | Columbia, SC | \$10.9 | \$10.4 | Octobe |
| Kentucky Oaks | Paducah, KY | 0.8 | 0 | Novemb |
| Hickory Hollow | Nashville, TN | 8.6 | 8.4 | Novemb |
| Stroud Mall | Stroudsburg, PA | 3.0 | 3.8 | Novemb |
| Hanes Mall | Winston-Salem, NC | 18.2 | 17.4 | Novemb |
| St. Clair Square | Fairview Heights, IL | 12.3 | 1.6 | April |
| Parkdale Mall | Beaumont, TX | 13.2 | 1.3 | April |
| Other Centers | | | 1.5 | |

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TOTAL 44.4

Detail of roof and parking lot capital expenditures for the nine months ended September

| | Revenue Neutral | Revenue |
|--------------------------------------|-----------------|---------|
| | ----- | ----- |
| Other Capital expenditures | \$ 5,587 | \$ 38 |
| Parking lot and parking lot lighting | 1,029 | 2 |
| Roof repairs and replacement | 3,890 | 2 |
| | ----- | ----- |
| Total | \$ 10,506 | \$ 44 |
| | ===== | ===== |

Detail of Defferred Leasing as of September 30,2002 (in thousands)

| Deferred Leasing | | | | |
|------------------|-------|--------|--------|---------|
| Costs (000's) | Q1 | Q2 | Q3 | YTD |
| ----- | ----- | ----- | ----- | ----- |
| 2002 | \$ 45 | \$ 466 | \$ 710 | \$1,221 |
| 2001 | 887 | 85 | 673 | 1,645 |

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

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RENEWAL LEASING, THIRD QUARTER ENDED SEPTEMBER 30, 2002

| Property Type | Prior PSF Base Rent | New PSF Base Rent-Initial | New PSF Base Rent-Avg. | % Change Initial | % Change Average |
|--------------------|------------------------|------------------------------|---------------------------|---------------------|---------------------|
| ----- | ----- | ----- | ----- | ----- | ----- |
| Stabilized Malls | \$23.91 | \$26.85 | \$27.55 | 12.3% | 15.2% |
| Associated Centers | 18.81 | 20.08 | 20.08 | 6.7% | 6.7% |
| Community Centers | 11.49 | 11.84 | 12.02 | 3.0% | 4.6% |

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| Stabilized Malls | Sq. FT. | Prior PSF Base Rent | New PSF Base Rent-Initial | New PSF Base Rent-Avg. | % Change Initial | % Change Average |
|------------------|---------|---------------------|---------------------------|------------------------|------------------|------------------|
| New Leases | 157,000 | \$23.47 | \$27.78 | \$28.74 | 18.3% | 22.4% |
| Renewal Leases | 110,000 | 24.22 | 26.21 | 26.72 | 8.2% | 10.3% |

TOTAL LEASING COMPARED TO TENANTS VACATING
THIRD QUARTER ENDED SEPTEMBER 30, 2002

| Property Type | Leased Sq. Ft. | Avg. Base Rent | Vacated Sq. Ft. | Avg. Base Rent |
|--------------------|---------------------------|----------------|---------------------------|----------------|
| Malls | 430,510 | \$25.91 | 93,381 | \$26.11 |
| Associated Centers | 63,453 | 12.25 | 20,805 | 10.74 |
| Community Centers | 9,863 | 20.36 | 5,000 | 18.75 |
| | ----- 503,826 ===== | | ----- 119,186 ===== | |

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DEVELOPMENT SCHEDULE FOR NEW PROJECTS UNDER
CONSTRUCTION AS OF SEPTEMBER 30, 2002

| Property | Location | GLA | CBL's Cost or Share of ProForma Cost (in millions) | Cost Spent Date (in millions) |
|-------------------------------------|------------------|-----------|--|-------------------------------|
| NEW MALL DEVELOPMENT | | | | |
| Mall of South Carolina*, (50/50 JV) | Myrtle Beach, SC | 1,500,000 | \$72.5* | \$4.7 |
| ASSOCIATED CENTERS | | | | |
| Parkdale Crossing | Beaumont, TX | 87,000 | \$12.2 | \$9.1 |
| The Shoppes at Hamilton Place | Chattanooga, TN | 130,000 | \$16.6 | \$7.1 |
| COMMUNITY CENTERS | | | | |

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| | | | | |
|------------------------------------|-------------------|-----------|----------|--------|
| Waterford Commons**, (75/25 JV) | Waterford, CT | 354,900 | \$29.4 | \$10.4 |
| Cobblestone Village | St. Augustine, FL | 305,000 | \$34.9 | \$13.9 |
| EXPANSIONS | | | | |
| Bonita Crossing | Meridian, MS | 17,600 | \$1.8 | \$0.6 |
| Westgate Mall, Tweeter's | Spartanburg, SC | 17,245 | \$2.2 | \$1.8 |
| Total | | 2,411,500 | \$169.60 | \$47.6 |

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CBL & Associates Properties, Inc.
Notes Payable And Interest Rate
AS OF September 30, 2002 (in thousands excepte per share amounts)

| PROPERTY | Maturity | Interest | BALANCE | Balance | | |
|----------------------|------------------------|----------|---------|----------|----------|--------|
| | | | | 9/30/02 | Fixed | Floati |
| Albemarle, NC | Northwoods Plaza | Jun-12 | 9.750% | \$ 1,072 | \$ 1,072 | |
| Ashboro, NC | Randolph Mall | Aug-12 | 6.500% | 15,658 | 15,658 | |
| Asheville, NC | Asheville Mall | Sep-11 | 6.980% | 70,523 | 70,523 | |
| Beaumont, TX | Parkdale Mall | Jun-03 | 3.170% | 45,000 | - | 45 |
| Brookfield, IL | Brookfield Square | May-05 | 7.498% | 73,940 | 73,940 | |
| Burnsville, MN | Burnsville Center | Aug-10 | 8.000% | 72,377 | 72,377 | |
| Cary, NC | Cary Towne Ctr | Mar-09 | 6.850% | 89,538 | 89,538 | |
| Charleston, SC | Citadel Mall | May-07 | 7.390% | 32,736 | 32,736 | |
| Chattanooga, TN | CBL Center | Aug-12 | 6.250% | 14,986 | 14,986 | |
| Chattanooga, TN | Hamilton Corner | Aug-11 | 10.125% | 2,757 | 2,757 | |
| Chattanooga, TN | Hamilton Place | Mar-07 | 7.000% | 67,573 | 67,573 | |
| Chattanooga, TN | Perimeter Place | Jan-08 | 10.625% | 1,127 | 1,127 | |
| Cincinnati, OH | Eastgate Mall | Dec-03 | 3.375% | 41,750 | - | 41 |
| Cincinnati, OH | Eastgate Crossing | Apr-07 | 6.380% | 10,626 | 10,626 | |
| Columbia, SC | Columbia Mall | Jun-03 | 3.170% | 35,444 | - | 35 |
| Cortlandt, NY | Cortlandt Towne Center | Aug-08 | 6.900% | 50,179 | 50,179 | |
| Dalton, GA | Walnut Square | Feb-08 | 10.125% | 596 | 596 | |
| Douglasville, GA | Arbor Place Mall | Aug-12 | 6.510% | 81,282 | 81,282 | |
| Douglasville, GA | Cosby Station | Sep-14 | 8.500% | 3,672 | 3,672 | |
| Douglasville, GA | The Landing At Arbor | Aug-12 | 6.510% | 9,175 | 9,175 | |
| Fairview Heights, IL | St. Claire Square | Apr-09 | 7.000% | 70,726 | 70,726 | |
| Hattiesburg, MS | Turtle Creek Mall | Mar-06 | 7.400% | 31,875 | 31,875 | |
| Henderson, NC | Henderson Square | Apr-14 | 7.500% | 5,796 | 5,796 | |
| Highpoint, NC | Oak Hollow Mall | Feb-08 | 7.310% | 47,569 | 47,569 | |
| Hudson, NY | Greenport Towne Ctr | Sep-14 | 9.000% | 3,874 | 3,874 | |
| Huntsville, AL | Madison Plaza | Feb-04 | 10.125% | 706 | 706 | |
| Jackson, TN | Old Hickory Mall | Aug-12 | 6.510% | 35,904 | 35,904 | |

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| | | | | | |
|----------------------|------------------------|--------|---------|--------|--------|
| Janesville WI | Janesville Mall | Apr-16 | 8.375% | 15,040 | 15,040 |
| Knoxville, TN | Cedar Bluff Xing | Aug-07 | 10.625% | 920 | 920 |
| Knoxville, TN | Suburban Plaza | Jan-09 | 7.875% | 8,177 | 8,177 |
| Lansing MI | Meridian Mall | Aug-03 | 2.931% | 29,017 | - |
| Lansing MI Swap rate | Meridian Mall | Aug-03 | 6.955% | 80,000 | - |
| Lexington KY | Fayette Mall | Jul-11 | 7.000% | 96,832 | 96,832 |
| Lexington KY | Fayette Mall Developme | Dec-04 | 3.370% | 8,550 | - |
| Louisville, KY | Jefferson Mall | Aug-12 | 6.510% | 45,279 | 45,279 |
| Louisville KY | Springhurst Towne Cent | Aug-18 | 6.650% | 21,272 | 21,272 |
| Meridian, MS | Bonita Lakes Crossing | Oct-09 | 6.820% | 8,773 | 8,773 |
| Meridian, MS | Bonita Lakes Mall | Oct-09 | 6.820% | 27,939 | 27,939 |

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CBL & Associates Properties, Inc.

Notes Payable And Interest Rate

AS OF September 30, 2002 (in thousands excepte per share amounts)

| PROPERTY | | MATURITY DATE | Interest Rate | BALANCE 9/30/02 | Balance Fixed | Balance Floating |
|--------------------------------|----------------------|---------------|---------------|-----------------|---------------|------------------|
| Midland MI | Midland Mall | Jun-03 | 3.370% | 35,000 | - | 35,000 |
| Morristown, TN | College Square | Sep-13 | 6.750% | 13,372 | 13,372 | - |
| N Charleston SC | Northwoods Mall | Aug-12 | 6.510% | 64,826 | 64,826 | - |
| Nashua, NH | Willow Springs Plaza | Aug-07 | 9.750% | 3,638 | 3,638 | - |
| Nashville, TN | Coolsprings Galleria | Sep-10 | 8.290% | 62,262 | 62,262 | - |
| Nashville, TN | Courtyard At Hickory | Aug-08 | 6.770% | 4,255 | 4,255 | - |
| Nashville, TN | Hickory Hollow Mall | Aug-08 | 6.770% | 91,394 | 91,394 | - |
| Nashville, TN | Rivergate Mall | Aug-08 | 6.770% | 73,864 | 73,864 | - |
| Nashville, TN | Village At Rivergate | Aug-08 | 6.770% | 3,489 | 3,489 | - |
| North Haven, CT | North Haven Xing | Oct-08 | 9.550% | 5,694 | 5,694 | - |
| Oakridge, TN | Briarcliff Square | Feb-13 | 10.375% | 1,434 | 1,434 | - |
| Panama City, FL | Panama City Mall | Aug-12 | 7.300% | 40,624 | 40,624 | - |
| Plant City, FL | Collins Park Commons | Oct-10 | 10.250% | 641 | 641 | - |
| Portland, ME | Bj'S Plaza | Dec-11 | 10.400% | 2,821 | 2,821 | - |
| Roanoke, VA | Shenandoah Crossing | Aug-10 | 10.250% | 453 | 453 | - |
| Racine, WI | Regency Mall | Aug-12 | 6.510% | 35,505 | 35,505 | - |
| Rockford, IL | Cherryvale Mall | Jul-06 | 7.375% | 47,247 | 47,247 | - |
| Saginaw, MI | Fashion Square | Aug-12 | 6.510% | 62,233 | 62,233 | - |
| Salem, VA | Valley Commons | Oct-10 | 10.250% | 790 | 790 | - |
| Spartanburg, SC | Westgate Crossing | Jul-10 | 8.420% | 9,757 | 9,757 | - |
| Spartanburg, SC | Westgate Mall | Aug-12 | 6.500% | 56,249 | 56,249 | - |
| St. Petersburg, FL | 34Th St Crossing | Dec-10 | 10.625% | 1,292 | 1,292 | - |
| Stroud, PA | Stroud Mall | Dec-10 | 8.420% | 32,121 | 32,121 | - |
| Uvalde, TX | Uvalde Plaza | Feb-08 | 10.625% | 545 | 545 | - |
| Waco, Tx | Richland Mal | May-03 | 4.750% | 9,500 | - | 9,500 |
| Walterboro, SC | Colleton Square | Aug-10 | 9.375% | 799 | 799 | - |
| Wausau WI | Wausau Center | Dec-10 | 6.700% | 14,010 | 14,010 | - |
| Winston-Salem NC | Hanes Mall | Jul-08 | 7.310% | 114,581 | 114,581 | - |
| York, PA | York Galleria | Dec-10 | 8.340% | 51,382 | 51,382 | - |
| SUBTOTAL | | | | 2,098,037 | 1,813,776 | 284,261 |
| Weighted average interest rate | | | | | | |
| CONSTRUCTION LOANS | | | | | | |
| Beaumont, TX | Parkdale Crossing | Nov-04 | 3.440% | 2,281 | - | 2,281 |
| St Augustine FL | Cobblestone Vilage | Jun-05 | 3.370% | 5,740 | - | 5,740 |
| Waterford, CT | Waterford Commons | Jun-04 | 4.750% | 268 | - | 268 |
| SUBTOTAL | | | | 8,289 | - | 8,289 |

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CBL & Associates Properties, Inc.

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Notes Payable And Interest Rate

AS OF September 30, 2002 (in thousands excepte per share amounts)

| PROPERTY | MATURITY DATE | Interest Rate | BALANCE 9/30/02 | Balance Fixed | Floati | |
|--------------------------------|-------------------|---------------|-----------------|---------------|-----------|--------|
| LINES OF CREDIT | | | 2.841% | 104,000 | - | 104 |
| TOTAL BALANCE SHEET | | | | 2,210,326 | 1,813,776 | 396 |
| Weighted average interest rate | | | | 6.5579% | 7.1353% | 3.9167 |
| Plus CBL Share Of Equities | | | | | | |
| Clarksville, TN | Governors Square | Nov-02 | 8.230% | 15,869 | 15,869 | |
| Del Rio, TX | Plaza Del Sol | Feb-12 | 9.150% | 2,218 | 2,218 | |
| Ft Smith AR | Massard Crossing | Feb-12 | 7.540% | 597 | 597 | |
| Houston, TX | Willowbrook Plaza | Jun-00 | 7.540% | 3,055 | 3,055 | |
| Huntsville, AL | Parkway Place | Jan-07 | 3.350% | 25,997 | - | 25 |
| Madison WI | East Towne Mall | Jan-07 | 8.010% | 18,633 | 18,633 | |
| Madison WI | West Towne Mall | Jun-07 | 8.010% | 28,807 | 28,807 | |
| Paducah, KY | Kentucky Oaks | Feb-12 | 9.000% | 16,500 | 16,500 | |
| Vicksburg, MS | Pemberton Plaza | Jan-00 | 7.540% | 204 | 204 | |
| TOTAL | | | | 111,880 | 85,883 | 25 |
| LESS MINORITY INTEREST | | | | | | |
| Chattanooga, TN | Hamilton Corner | | 10.125% | (276) | (276) | |
| Chattanooga, TN | Hamilton Place | | 7.000% | (6,757) | (6,757) | |
| Uvalde, TX | Uvalde Plaza | | 10.625% | (136) | (136) | |
| Highpoint, NC | Oak Hollow Mall | | 7.310% | (11,892) | (11,892) | |
| | | | | (19,062) | (19,062) | |
| TOTAL OBLIGATIONS | | | | 2,303,144 | 1,880,597 | 422 |
| Weighted average interest rate | | | | 6.5789% | 7.1849% | 3.8818 |
| At | | | | | | |
| EQUITY | | Number | 09/30/2002 | | | |
| | | Of Shares | Stock Price | | | 2,303 |
| Common Stock And Units | | 54,479 | \$38.75 | 2,111,061 | | |
| Preferred Stock | Series A | 2,675 | \$25.00 | 66,875 | | |
| Preferred Stock | Series B | 2,000 | \$50.00 | 100,000 | | |
| Total Market Equity | | | | 2,277,936 | | |
| Total Debt and Market equity | | | | 4,581,080 | | |
| Debt to Market value | | | | 50.3% | | |
| Total Joint Venture Debt | | | | | | |
| Clarksville, TN | Governors Square | Sep-16 | 8.230% | 33,408 | 33,408 | |
| Del Rio, TX | Plaza Del Sol | Aug-10 | 9.150% | 4,435 | 4,435 | |
| Ft Smith, AR | Massard Crossing | Feb-12 | 7.540% | 5,971 | 5,971 | |
| Houston, TX | Willowbrook Plaza | Feb-12 | 7.540% | 30,551 | 30,551 | |
| Huntsville, AL | Parkway Place | Dec-03 | 3.350% | 51,994 | - | 51 |
| Madison WI | East Towne Mall | Jan-07 | 8.010% | 28,666 | 28,666 | |
| Madison WI | West Towne Mall | Jan-07 | 8.010% | 44,318 | 44,318 | |
| Paducah, KY | Kentucky Oaks | Jun-07 | 9.000% | 33,001 | 33,001 | |

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| | | | | | | |
|--------------------------------|-----------------|--------|--------|---------|---------|--------|
| Vicksburg, MS | Pemberton Plaza | Feb-12 | 7.540% | 2,040 | 2,040 | |
| | | | | ----- | | |
| TOTAL | | | | 234,385 | 182,391 | 51 |
| Weighted average interest rate | | | | 7.0913% | 8.1578% | 3.3500 |

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CBL & Associates Properties, Inc.
 Consolidated Summary Balance Sheets
 Preliminary As of September 30, 2002
 (In thousands)

| | September 30, 2002 | De |
|--|-----------------------|----|
| ASSETS | | |
| LAND | \$ 547,598 | |
| BUILDINGS AND IMPROVEMENTS | 3,070,141 | |
| | ----- | |
| | 3,617,739 | |
| LESS: ACCUMULATED DEPRECIATION | (407,173) | |
| | ----- | |
| | 3,210,566 | |
| DEVELOPMENTS IN PROGRESS | 110,008 | |
| | ----- | |
| NET INVESTMENT IN REAL ESTATE ASSETS | 3,320,574 | |
| CASH, RESTRICTED CASH AND CASH EQUIVALENTS | 18,745 | |
| RECEIVABLES: TENANT AND OTHER | 40,855 | |
| MORTGAGE NOTES RECEIVABLE | 14,645 | |
| INVESTMENT IN UNCONSOLIDATED AFFILIATES | 110,821 | |
| OTHER ASSETS | 42,015 | |
| | ----- | |
| | \$ 3,547,655 | |
| | ===== | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| MORTGAGE AND OTHER NOTES PAYABLE | \$ 2,210,391 | |
| ACCOUNTS PAYABLE AND ACCRUED LIABILITIES | 105,065 | |
| | ----- | |
| Total liabilities | 2,315,456 | |
| MINORITY INTERESTS | 487,715 | |
| SHAREHOLDERS' EQUITY: | | |
| Total shareholders' equity | 744,484 | |
| | ----- | |
| | \$ 3,547,655 | |
| | ===== | |

The balance sheet above is preliminary as of the date of this report. Please refer the Company's filing on Form 10-Q when filed for a complete balance sheet as of September 30, 2002

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SIGNATURE

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CBL & ASSOCIATES PROPERTIES, INC.

/c/ John N. Foy

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

Date: October 30, 2002