CBL & ASSOCIATES PROPERTIES INC
Form 10-Q
November 09, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2010

Or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM ____________ TO _______________

COMMISSION FILE NO. 1-12494

CBL & ASSOCIATES PROPERTIES, INC.
(Exact Name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

62-1545718
(I.R.S. Employer Identification Number)

2030 Hamilton Place Blvd., Suite 500, Chattanooga, TN 37421-6000
(Address of principal executive office, including zip code)

423.855.0001
(Registrant’s telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer o
Non-accelerated filer o(Do not check if smaller reporting company) Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

As of November 3, 2010, there were 138,078,208 shares of common stock, par value $0.01 per share, outstanding.

CBL & Associates Properties, Inc.

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PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements

CBL & Associates Properties, Inc.

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

	September 30, 2010	December 31, 2009
ASSETS		
Real estate assets:		
Land	$944,821	$946,750
Buildings and improvements	7,568,635	7,569,015
	8,513,456	8,515,765
Less accumulated depreciation	(1,665,563)	(1,505,840)
	6,847,893	7,009,925
Held for sale	1,366	-
Developments in progress	121,299	85,110
Net investment in real estate assets	6,970,558	7,095,035
Cash and cash equivalents	56,668	48,062
Receivables:		
Tenant, net of allowance for doubtful accounts of $3,193 in 2010 and $3,101 in 2009	73,942	73,170
Other	12,671	8,162
Mortgage and other notes receivable	37,866	38,208
Investments in unconsolidated affiliates	196,083	186,523
Intangible lease assets and other assets	267,692	279,950
	$7,615,480	$7,729,110
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Mortgage and other indebtedness	$5,424,870	$5,616,139
Accounts payable and accrued liabilities	306,929	248,333
Total liabilities	5,731,799	5,864,472
Commitments and contingencies		
Redeemable noncontrolling interests:		
Redeemable noncontrolling partnership interests	27,650	22,689
Redeemable noncontrolling preferred joint venture interest	423,834	421,570
Total redeemable noncontrolling interests	451,484	444,259
Shareholders' equity:		
Preferred Stock, $.01 par value, 15,000,000 shares authorized:		
7.75% Series C Cumulative Redeemable Preferred Stock, 460,000 shares outstanding	5	5
7.375% Series D Cumulative Redeemable Preferred Stock, 1,330,000 and 700,000 shares outstanding in 2010 and 2009, respectively	13	7
Common Stock, $.01 par value, 350,000,000 shares authorized, 138,075,818 and 137,888,408 issued and outstanding in 2010 and 2009, respectively	1,381	1,379
Additional paid-in capital	1,504,421	1,399,654

Accumulated other comprehensive income	5,398	491
Accumulated deficit	(353,208)	(283,640)
Total shareholders' equity	1,158,010	1,117,896
Noncontrolling interests	274,187	302,483
Total equity	1,432,197	1,420,379
	$7,615,480	$7,729,110

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
REVENUES:				
Minimum rents	$171,240	$168,577	$509,911	$510,586
Percentage rents	2,602	2,849	8,743	9,257
Other rents	4,259	3,377	13,417	11,788
Tenant reimbursements	78,957	78,463	234,900	241,353
Management, development and leasing fees	1,369	1,312	4,676	5,392
Other	7,404	7,881	21,875	20,946
Total revenues	265,831	262,459	793,522	799,322
EXPENSES:				
Property operating	38,420	40,203	114,492	123,155
Depreciation and amortization	73,333	71,161	215,953	225,069
Real estate taxes	25,555	25,785	75,368	74,357
Maintenance and repairs	13,145	13,116	42,728	42,350
General and administrative	10,495	8,808	31,890	31,180
Loss on impairment of real estate	-	-	25,435	-
Other	6,351	7,714	19,467	18,785
Total expenses	167,299	166,787	525,333	514,896
Income from operations	98,532	95,672	268,189	284,426
Interest and other income	832	1,246	2,831	4,189
Interest expense	(72,053)	(71,120)	(218,854)	(215,847)
Loss on impairment of investments	-	(1,143)	-	(8,849)
Gain on sales of real estate assets	591	1,535	2,606	1,468
Equity in earnings (losses) of unconsolidated affiliates	(1,558)	271	(610)	1,867
Income tax benefit	1,264	1,358	5,052	603
Income from continuing operations	27,608	27,819	59,214	67,857
Operating income (loss) of discontinued operations	69	15	183	(67)
Gain (loss) on discontinued operations	-	10	-	(62)
Net income	27,677	27,844	59,397	67,728
Net income attributable to noncontrolling interests in:				
Operating partnership	(3,605)	(4,758)	(4,992)	(11,173)
Other consolidated subsidiaries	(6,133)	(6,497)	(18,394)	(19,208)
Net income attributable to the Company	17,939	16,589	36,011	37,347
Preferred dividends	(8,359)	(5,455)	(22,745)	(16,364)
Net income attributable to common shareholders	$9,580	$11,134	$13,266	$20,983

The accompanying notes are an integral part of these statements.

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

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Basic per share data:				
Income from continuing operations, net of preferred dividends	$0.07	$0.08	$0.10	$0.22
Discontinued operations	-	-	-	-
Net income attributable to common shareholders	$0.07	$0.08	$0.10	$0.22
Weighted average common shares outstanding	138,075	137,860	138,037	95,746
Diluted per share data:				
Income from continuing operations, net of preferred dividends	$0.07	$0.08	$0.10	$0.22
Discontinued operations	-	-	-	-
Net income attributable to common shareholders	$0.07	$0.08	$0.10	$0.22
Weighted average common and potential dilutive common shares outstanding	138,121	137,897	138,079	95,782
Amounts attributable to common shareholders:				
Income from continuing operations, net of preferred dividends	$9,500	$11,116	$13,133	$21,067
Discontinued operations	80	18	133	(84)
Net income attributable to common shareholders	$9,580	$11,134	$13,266	$20,983
Dividends declared per common share	$0.20	$0.05	$0.60	$0.53

The accompanying notes are an integral part of these statements.

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

		Equity							
		Shareholders' Equity							
	Redeemable Noncontrolling Partnership Interests	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance, January 1, 2009	$18,393	$12	$664	$993,941	$(12,786)	$(193,307)	$788,524	$380,472	$1,168,996
Net income	5,210	-	-	-	-	37,347	37,347	9,658	47,005
Other comprehensive income:									
Net unrealized gain (loss) on available-for-sale securities	273	-	-	-	1,023	-	1,023	(16)	1,007
Net unrealized gain on hedging instruments	574	-	-	-	5,459	-	5,459	2,402	7,861
Realized loss on foreign currency translation adjustment	3	-	-	-	44	-	44	28	72
Net unrealized gain on foreign currency translation adjustment	480	-	-	-	3,874	-	3,874	1,677	5,551
Total other comprehensive income	1,330						10,400	4,091	14,491
Dividends declared - common stock	-	-	-	-	-	(46,630)	(46,630)	-	(46,630)
Dividends declared - preferred stock	-	-	-	-	-	(16,364)	(16,364)	-	(16,364)
Issuance of common stock and restricted common stock	-	-	1	562	-	-	563	-	563
Issuance of common stock for dividend	-	-	48	14,691	-	-	14,739	-	14,739

Issuance of common stock in equity offering	-	-	666	381,157	-	-	381,823	-	381,823
Cancellation of restricted common stock	-	-	-	(117)	-	-	(117)	-	(117)
Accrual under deferred compensation arrangements	-	-	-	46	-	-	46	-	46
Amortization of deferred compensation	-	-	-	1,877	-	-	1,877	-	1,877
Additions to deferred financing costs	-	-	-	-	-	-	-	35	35
Transfer from noncontrolling interests to redeemable noncontrolling interests	82,970	-	-	-	-	-	-	(82,970)	(82,970)
Issuance of noncontrolling interests for distribution	-	-	-	-	-	-	-	4,140	4,140
Distributions to noncontrolling interests	(11,271)	-	-	-	-	-	-	(38,363)	(38,363)
Purchase of noncontrolling interest in other consolidated subsidiaries	-	-	-	217	-	-	217	(717)	(500)
Adjustment for noncontrolling interests	(4,521)	-	-	21,215	-	-	21,215	(16,694)	4,521
Adjustment to record redeemable noncontrolling interests at redemption value	4,009	-	-	(4,009)	-	-	(4,009)	-	(4,009)
Balance, September 30, 2009	$96,120	$12	$1,379	$1,409,580	$(2,386)	$(218,954)	$1,189,631	$259,652	$1,449,283

The accompanying notes are an integral part of these statements.

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

		Equity							
		Shareholders' Equity							
	Redeemable Noncontrolling Partnership Interests	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance, January 1, 2010	$22,689	$12	$1,379	$1,399,654	$491	$(283,640)	$1,117,896	$302,483	$1,420,379
Net income	2,997	-	-	-	-	36,011	36,011	4,935	40,946
Other comprehensive income (loss):									
Net unrealized gain on available-for-sale securities	44	-	-	-	3,879	-	3,879	1,431	5,310
Net unrealized gain on hedging instruments	21	-	-	-	1,867	-	1,867	681	2,548
Realized loss on foreign currency translation adjustment	1	-	-	-	123	-	123	45	168
Net unrealized gain (loss) on foreign currency translation adjustment	(397)	-	-	-	(962)	-	(962)	1,203	241
Total other comprehensive income (loss)	(331)						4,907	3,360	8,267
Dividends declared - common stock	-	-	-	-	-	(82,834)	(82,834)	-	(82,834)
Dividends declared - preferred stock	-	-	-	-	-	(22,745)	(22,745)	-	(22,745)
Issuance of Series D preferred stock	-	6	-	121,262	-	-	121,268	-	121,268
Issuance of common stock and restricted common stock	-	-	1	164	-	-	165	-	165
Cancellation of restricted	-	-	-	(175)	-	-	(175)	-	(175)

common stock									
Exercise of stock options	-	-	1	941	-	-	942	-	942
Accrual under deferred compensation arrangements	-	-	-	30	-	-	30	-	30
Amortization of deferred compensation	-	-	-	1,844	-	-	1,844	-	1,844
Income tax effect of share-based compensation	(10)	-	-	(1,468)	-	-	(1,468)	(337)	(1,805)
Distributions to noncontrolling interests	(7,787)	-	-	-	-	-	-	(43,993)	(43,993)
Adjustment for noncontrolling interests	2,311	-	-	(10,050)	-	-	(10,050)	7,739	(2,311)
Adjustment to record redeemable noncontrolling interests at redemption value	7,781	-	-	(7,781)	-	-	(7,781)	-	(7,781)
Balance, September 30, 2010	$27,650	$18	$1,381	$1,504,421	$5,398	$(353,208)	$1,158,010	$274,187	$1,432,197

The accompanying notes are an integral part of these statements.

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

	Nine Months Ended September 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$59,397	$67,728
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	147,013	145,389
Amortization	69,003	79,976
Amortization of deferred finance costs and debt premiums (discounts)	5,219	(767)
Net amortization of intangible lease assets and liabilities	(1,481)	(2,061)
Gain on sales of real estate assets	(2,606)	(1,468)
Realized foreign currency loss	169	76
Loss on discontinued operations	-	62
Write-off of development projects	420	1,346
Share-based compensation expense	1,932	2,363
Income tax effect of share-based compensation	(1,815)	-
Loss on impairment of investments	-	8,849
Loss on impairment of real estate	25,435	-
Equity in (earnings) losses of unconsolidated affiliates	610	(1,867)
Distributions of earnings from unconsolidated affiliates	3,554	8,175
Provision for doubtful accounts	2,950	4,487
Change in deferred tax accounts	2,245	386
Changes in:		
Tenant and other receivables	(8,623)	(2,868)
Other assets	(5,918)	(6,028)
Accounts payable and accrued liabilities	(7,666)	(5,931)
Net cash provided by operating activities	289,838	297,847
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to real estate assets	(80,689)	(174,163)
Distributions from restricted cash	16,837	2,700
Proceeds from sales of real estate assets	5,485	7,183
Additions to mortgage notes receivable	-	(3,851)
Payments received on mortgage notes receivable	1,485	14,297
Purchases of available-for-sale securities	(9,975)	-
Additional investments in and advances to unconsolidated affiliates	(22,019)	(56,895)
Distributions in excess of equity in earnings of unconsolidated affiliates	28,548	60,614
Changes in other assets	(4,089)	27,424
Net cash used in investing activities	(64,417)	(122,691)

The accompanying notes are an integral part of these statements.

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

	Nine Months Ended September 30,	
	2010	2009
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from mortgage and other indebtedness	$637,113	$456,362
Principal payments on mortgage and other indebtedness	(824,371)	(868,120)
Additions to deferred financing costs	(4,418)	(13,422)
Proceeds from issuances of common stock	104	381,928
Proceeds from issuances of preferred stock	121,268	-
Proceeds from exercises of stock options	942	-
Income tax benefit from share-based compensation	1,815	-
Purchase of noncontrolling interest in other consolidated subsidiaries	-	(500)
Distributions to noncontrolling interests	(64,409)	(54,530)
Dividends paid to holders of preferred stock	(22,745)	(16,364)
Dividends paid to common shareholders	(62,114)	(49,564)
Net cash used in financing activities	(216,815)	(164,210)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	-	1,329
NET CHANGE IN CASH AND CASH EQUIVALENTS	8,606	12,275
CASH AND CASH EQUIVALENTS, beginning of period	48,062	51,227
CASH AND CASH EQUIVALENTS, end of period	$56,668	$63,502
SUPPLEMENTAL INFORMATION:		
Cash paid for interest, net of amounts capitalized	$212,343	$218,911

The accompanying notes are an integral part of these statements.

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CBL & Associates Properties, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements
(In thousands, except per share data)

Note 1 – Organization and Basis of Presentation

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, open-air centers, community centers and office properties. Its properties are located in 28 states, but are primarily in the southeastern and midwestern United States.

CBL conducts substantially all of its business through CBL & Associates Limited Partnership (the "Operating Partnership").At September 30, 2010, the Operating Partnership owned controlling interests in 76 regional malls/open-air centers (including one mixed-use center), 30 associated centers (each located adjacent to a regional mall), ten community centers, and 13 office buildings, including CBL's corporate office building. The Operating Partnership consolidates the financial statements of all entities in which it has a controlling financial interest or where it is the primary beneficiary of a variable interest entity. At September 30, 2010, the Operating Partnership owned non-controlling interests in eight regional malls, four associated centers, four community centers and six office buildings. Because one or more of the other partners have substantive participating rights, the Operating Partnership does not control these partnerships and joint ventures and, accordingly, accounts for these investments using the equity method. The Operating Partnership had controlling interests in one mall expansion, one community center expansion, and one community center, owned in a 75/25 joint venture, under construction at September 30, 2010. 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 September 30, 2010, CBL Holdings I, Inc., the sole general partner of the Operating Partnership, owned a 1.1% general partner interest in the Operating Partnership and CBL Holdings II, Inc. owned a 71.6% limited partner interest for a combined interest held by CBL of 72.7%.

The noncontrolling 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 partner 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 limited partner interests when the Operating Partnership acquired the majority of Jacobs' interests in 23 properties in January 2001 and the balance of such interests in February 2002. At September 30, 2010, CBL's Predecessor owned a 9.8% limited partner interest, Jacobs owned a 12.1% limited partner interest and third parties owned a 5.4% limited partner interest in the Operating Partnership. CBL's Predecessor also owned 7.3 million shares of CBL's common stock at September 30, 2010, for a total combined effective interest of 13.6% 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 owns 100% of both of the Management Company's preferred stock and common stock.

CBL, the Operating Partnership and the Management Company are collectively referred to herein as "the Company".

The accompanying condensed consolidated financial statements are unaudited; however, they have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim

financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair presentation of the financial statements for these interim periods have been included. Material

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intercompany transactions have been eliminated. The results for the interim period ended September 30, 2010 are not necessarily indicative of the results to be obtained for the full fiscal year.

Certain historical amounts have been reclassified to conform to the current year presentation. The financial results of certain properties are reported as discontinued operations in the condensed consolidated financial statements. Except where noted, the information presented in the Notes to Unaudited Condensed Consolidated Financial Statements excludes discontinued operations.

In April 2009, the Company paid its first quarter dividend on its common stock of $0.37 per share in cash and shares of common stock. The Company issued 4,754,355 shares of its common stock in connection with the dividend, which resulted in an increase of approximately 7.2% in the number of shares outstanding. The Company elected to treat the issuance of its common stock as a stock dividend for earnings per share (“EPS”) purposes pursuant to accounting guidance that was in effect at that time. Therefore, all share and per share information related to EPS was adjusted proportionately to reflect the additional common stock issued on a retrospective basis. However, in January 2010, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2010-01, Accounting for Stock Dividends, Including Distributions to Shareholders with Components of Stock and Cash (“ASU 2010-01”) requiring that stock dividends such as the one the Company made in April 2009 be treated as a stock issuance that is reflected in share and per share information related to EPS on a prospective basis. Pursuant to the provisions of ASU 2010-01, the Company adopted this guidance on a retrospective basis. Thus, the share and per share information related to EPS for the three and nine months ended September 30, 2009 as previously presented in the Company’s Form 10-Q for the quarterly period ended September 30, 2009, has been revised herein to reflect this adoption.

These condensed consolidated financial statements should be read in conjunction with CBL’s audited consolidated financial statements and notes thereto included in its Annual Report on Form 10-K for the year ended December 31, 2009, filed on February 22, 2010, as amended on March 31, 2010.

Note 2 – New Accounting Guidance

Effective January 1, 2010, the Company adopted ASU No. 2010-06, Fair Value Measurements and Disclosures: Improving Disclosures about Fair Value Measurements (“ASU 2010-06”). ASU 2010-06 provides that significant transfers in or out of measurements classified as Levels 1 or 2 should be disclosed separately along with reasons for the transfers. Information regarding purchases, sales, issuances and settlements related to measurements classified as Level 3 are also to be presented separately. Existing disclosures have been updated to include fair value measurement disclosures for each class of assets and liabilities and information regarding the valuation techniques and inputs used to measure fair value in measurements classified as either Levels 2 or 3. The guidance was effective for fiscal years beginning after December 15, 2009, excluding the provision relating to the rollforward of Level 3 activity which has been deferred until January 1, 2011. The adoption did not have an impact on the Company’s condensed consolidated financial statements.

Effective January 1, 2010, the Company adopted ASU No. 2009-16, Transfers and Servicing: Accounting for Transfers of Financial Assets (“ASU 2009-16”). The guidance eliminates the concept of a “qualifying special-purpose entity,” changes the requirements for derecognizing financial assets and requires additional related disclosures. The adoption did not have an impact on the Company’s condensed consolidated financial statements.

Effective January 1, 2010, the Company adopted ASU No. 2009-17, Consolidations: Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities (“ASU 2009-17”). ASU 2009-17 modifies how a company determines when an entity that is insufficiently capitalized or is not controlled through voting, or similar, rights should be consolidated. The guidance clarifies that the determination of whether a company is required to consolidate an entity is based on, among other things, an entity’s purpose and design and a company’s ability to direct the activities of the entity that most significantly impact the entity’s economic performance. This guidance requires an

ongoing reassessment of whether a company is the primary beneficiary of a variable interest entity. It also requires additional disclosure about a company's involvement in variable interest entities and any significant changes in risk exposure due to that involvement. The adoption did not have an impact on the Company's condensed consolidated financial statements.

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On February 24, 2010, the FASB issued ASU No. 2010-09, Subsequent Events: Amendments to Certain Recognition and Disclosure Requirements ("ASU 2010-09"). ASU 2010-09 amends the disclosure provision related to subsequent events by removing the requirement for an SEC filer to disclose a date through which subsequent events have been evaluated. The new accounting guidance was effective immediately and was adopted by the Company upon the date of issuance.

Note 3 – Fair Value Measurements

The Company has categorized its financial assets and financial liabilities that are recorded at fair value into a hierarchy based on whether the inputs to valuation techniques are observable or unobservable. The fair value hierarchy contains three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs represent quoted prices in active markets for identical assets and liabilities as of the measurement date.

Level 2 – Inputs, other than those included in Level 1, represent observable measurements for similar instruments in active markets, or identical or similar instruments in markets that are not active, and observable measurements or market data for instruments with substantially the full term of the asset or liability.

Level 3 – Inputs represent unobservable measurements, supported by little, if any, market activity, and require considerable assumptions that are significant to the fair value of the asset or liability. Market valuations must often be determined using discounted cash flow methodologies, pricing models or similar techniques based on the Company's assumptions and best judgment.

The following tables set forth information regarding the Company's financial instruments that are measured at fair value in the condensed consolidated balance sheets as of September 30, 2010 and December 31, 2009:

		Fair Value Measurements at Reporting Date Using		
	Fair Value at September 30, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Available-for-sale securities	$ 19,369	$ 19,369	$ -	$ -
Privately held debt and equity securities	2,475	-	-	2,475
Interest rate caps	3	-	3	-
Liabilities:				
Interest rate swaps	$ 144	$ -	$ 144	$ -

		Fair Value Measurements at Reporting Date Using		
	Fair Value at December 31, 2009	Quoted Prices in Active Markets for Identical	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)

		Assets (Level 1)		
Assets:				
Available-for-sale securities	$ 4,039	$ 4,039	$ -	$ -
Privately held debt and equity securities	2,475	-	-	2,475
Interest rate cap	2	-	2	-
Liabilities:				
Interest rate swaps	$ 2,907	$ -	$ 2,907	$ -

Intangible lease assets and other assets in the condensed consolidated balance sheets include marketable securities consisting of corporate equity securities that are classified as available for sale. Net unrealized gains and losses on available-for-sale securities that are deemed to be temporary in nature are recorded as a component of accumulated other comprehensive income in redeemable noncontrolling interests, shareholders' equity and noncontrolling interests. If a decline in the value of an investment is deemed to be other than temporary, the investment is written down to fair value and an impairment loss is recognized in the current period to the extent of the decline in value. During the three and nine month periods ended September 30, 2010 and 2009, the Company did not recognize any realized gains and losses or write-downs related to sales or disposals of marketable securities or other-than-temporary impairments. The fair value of the Company's available-for-sale securities is based on quoted market prices and, thus, is classified under Level 1. The following is a summary of the equity securities held by the Company as of September 30, 2010 and December 31, 2009:

		Gross Unrealized		
	Adjusted Cost	Gains	Losses	Fair Value
September 30, 2010	$ 14,182	$ 5,191	$ 4	$ 19,369
December 31, 2009	$ 4,207	$ -	$ 168	$ 4,039

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In February 2007, the Company received a secured convertible promissory note from, and a warrant to acquire shares of, Jinsheng Group ("Jinsheng"), in which the Company also holds a cost-method investment. The secured convertible note is non-interest bearing and is secured by shares of Jinsheng. Since the secured convertible note is non-interest bearing and there is no active market for Jinsheng's debt, the Company performed an analysis on the note considering credit risk and discounting factors to determine the fair value. The warrant was initially valued using estimated share price and volatility variables in a Black Scholes model. Due to the significant estimates and assumptions used in the valuation of the note and warrant, the Company has classified these under Level 3. As part of its investment review as of March 31, 2009, the Company determined that its investment in Jinsheng was impaired on an other-than-temporary basis due to a decline in expected future cash flows as a result of declining occupancy and sales related to the then downturn of the real estate market in China. An impairment charge of $2,400 was recorded in the Company's condensed consolidated statement of operations for the nine month period ended September 30, 2009, to reduce the carrying values of the secured convertible note and warrant to their estimated fair values. The warrant expired in January 2010 and had no value. The Company performed qualitative and quantitative analyses of its investment as of September 30, 2010 and determined that the current balance of the secured convertible note of $2,475 is not impaired. See Note 4 for further discussion.

The Company uses interest rate swaps to mitigate the effect of interest rate movements on its variable-rate debt. The Company currently has two interest rate swaps included in accounts payable and accrued liabilities and two interest rate caps included in intangible lease assets and other assets in the accompanying condensed consolidated balance sheets that qualify as hedging instruments and are designated as cash flow hedges. The swaps and caps have predominantly met the effectiveness test criteria since inception and changes in their fair values are, thus, primarily reported in other comprehensive income and are reclassified into earnings in the same period or periods during which the hedged items affect earnings. The fair values of the Company's interest rate hedge instruments, classified under Level 2, are determined using a proprietary model which is based on prevailing market data for contracts with matching durations, current and anticipated London Interbank Offered Rate ("LIBOR") information, consideration of the Company's credit standing, credit risk of the counterparties and reasonable estimates about relevant future market conditions. See Note 5 for further information regarding the Company's interest rate hedging activity.

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-term nature of these financial instruments. Based on the interest rates for similar financial instruments, the carrying value of mortgage notes receivable is a reasonable estimate of fair value. The estimated fair value of mortgage and other indebtedness was $5,865,680 and $5,830,722 at September 30, 2010 and December 31, 2009, respectively. The estimated fair value was calculated by discounting future cash flows for the mortgage and other indebtedness using estimated market rates at which similar loans would be made currently.

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The fair value of long-lived assets measured on a nonrecurring basis is classified as Level 3 due to the use of significant unobservable inputs. 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 impairment has occurred, the amount of the impairment charge is equal to the excess of the asset's carrying value over its estimated fair value. The Company's estimates of undiscounted cash flows expected to be generated by each property are based on a number of assumptions such as leasing expectations, operating budgets, estimated useful lives, future maintenance expenditures, intent to hold for use and capitalization rates. These assumptions are subject to economic and market uncertainties including, but not limited to, demand for space, competition for tenants, changes in market rental rates and costs to operate each property. As these factors are difficult to predict and are subject to future events that may alter the assumptions used, the future cash flows estimated in the Company's impairment analyses may not be achieved. During the course of the Company's normal quarterly impairment review process for the second quarter of 2010, it was determined that a write-down of the depreciated book value of Oak Hollow Mall in High Point, NC, to its estimated fair value was necessary, resulting in a non-cash loss on impairment of real estate assets of $25,435 for the nine months ended September 30, 2010.

Note 4 – Unconsolidated Affiliates, Noncontrolling Interests and Cost Method Investments

Unconsolidated Affiliates

At September 30, 2010, the Company had investments in the following 17 entities, which are accounted for using the equity method of accounting:

Joint Venture	Property Name	Company's Interest	
CBL-TRS Joint Venture, LLC	Friendly Center, The Shops at Friendly Center and a portfolio of six office buildings	50.0	%
CBL-TRS Joint Venture II, LLC	Renaissance Center	50.0	%
Governor's Square IB	Governor's Plaza	50.0	%
Governor's Square Company	Governor's Square	47.5	%
High Pointe Commons, LP	High Pointe Commons	50.0	%
High Pointe Commons II-HAP, LP	High Pointe Commons - Christmas Tree Shop	50.0	%
Imperial Valley Mall L.P.	Imperial Valley Mall	60.0	%
Imperial Valley Peripheral L.P.	Imperial Valley Mall (vacant land)	60.0	%
JG Gulf Coast Town Center LLC	Gulf Coast Town Center	50.0	%
Kentucky Oaks Mall Company	Kentucky Oaks Mall	50.0	%
Mall of South Carolina L.P.	Coastal Grand—Myrtle Beach	50.0	%
Mall of South Carolina Outparcel L.P.	Coastal Grand—Myrtle Beach (Coastal Grand Crossing and vacant land)	50.0	%
Parkway Place L.P.	Parkway Place (1)	50.0	%
Port Orange I, LLC	The Pavilion at Port Orange Phase I	50.0	%
Triangle Town Member LLC	Triangle Town Center, Triangle Town Commons and Triangle Town Place	50.0	%
West Melbourne I, LLC	Hammock Landing Phase I and II	50.0	%
York Town Center, LP	York Town Center	50.0	%

(1) The Company acquired its joint venture partner's 50.0% interest in Parkway Place in October 2010.

Although the Company has majority ownership of certain of these joint ventures, it has evaluated these investments and concluded that the other partners or owners in these joint ventures have substantive participating rights, such as approvals of:

- the pro forma for the development and construction of the project and any material deviations or modifications thereto;
- the site plan and any material deviations or modifications thereto;
- the conceptual design of the project and the initial plans and specifications for the project and any material deviations or modifications thereto;

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- any acquisition/construction loans or any permanent financings/refinancings;
- the annual operating budgets and any material deviations or modifications thereto;
- the initial leasing plan and leasing parameters and any material deviations or modifications thereto; and
- any material acquisitions or dispositions with respect to the project.

As a result of the joint control over these joint ventures, the Company accounts for these investments using the equity method of accounting.

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

	Total for the Three Months Ended September 30,		Company's Share for the Three Months Ended September 30,	
	2010	2009	2010	2009
Revenues	$ 38,814	$ 41,087	$ 17,884	$ 22,873
Depreciation and amortization expense	(13,712)	(12,883)	(5,681)	(7,343)
Interest expense	(14,228)	3,140	(5,658)	(7,330)
Other operating expenses (1)	(12,535)	(14,098)	(8,047)	(8,164)
Gain (loss) on sales of real estate assets	(1)	(2)	(47)	231
Operating income (loss) of discontinued operations	(19)	8	(9)	4
Net income (loss)	$ (1,681)	$ 17,252	$ (1,558)	$ 271

	Total for the Nine Months Ended September 30,		Company's Share for the Nine Months Ended September 30,	
	2010	2009	2010	2009
Revenues	$ 116,187	$ 122,182	$ 60,195	$ 70,216
Depreciation and amortization expense	(40,957)	(38,422)	(20,885)	(22,237)
Interest expense	(41,929)	(38,374)	(21,269)	(22,548)
Other operating expenses	(36,162)	(41,142)	(18,800)	(24,468)
Gain on sales of real estate assets	1,289	1,687	73	877
Operating income of discontinued operations	151	54	76	27
Net income (loss)	$ (1,421)	$ 5,985	$ (610)	$ 1,867

(1) The Company's share of other operating expenses for the three months ended September 30, 2010 includes an adjustment of $2,119 to true up the earnings allocated to it based on the terms of certain joint venture agreements. There is no effect of this adjustment on any other period presented.

Mall Shopping Center Company

In June 2010, the Company’s 50.6% owned unconsolidated joint venture, Mall Shopping Center Company, sold Plaza del Sol in Del Rio, TX. The joint venture recognized a gain of $1,244 from the sale, of which the Company’s share

was $75, net of the excess of its basis over its underlying equity in the amount of $554. The results of operations of Mall Shopping Center Company have been reclassified to discontinued operations in the tables above for all periods presented.

CBL Macapa

In September 2008, the Company entered into a condominium partnership agreement with several individual investors to acquire a 60% interest in a new retail development in Macapa, Brazil. The Company provided total funding of $1,189 related to the development. In December 2009, the Company entered into an agreement to sell its 60% interest in this partnership with one of the condominium partnership's investors for a gross sales price of $1,263, less closing costs for a net sales price of $1,201. The sale closed in March 2010. Upon closing, the buyer paid $200 and gave the Company two notes receivable totaling $1,001, both with an interest rate of 10%, for the remaining balance of the purchase price. There was no gain or loss on this sale. On April 22, 2010, the buyer paid the first note of $300, due on April 23, 2010, plus applicable interest. Upon maturity of the second note of $701, due on June 8, 2010, the buyer requested additional time for payment. The

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Company and buyer have agreed to revised terms regarding the second note of which the buyer will pay monthly installments of $45 from July 2010 to June 2011, with a final balloon installment of $161 due in July 2011. Interest on the revised note is payable at maturity.

Parkway Place L.P.

In October 2010, the Company acquired the remaining 50% interest in Parkway Place in Huntsville, AL, from its joint venture partner. The interest was acquired for total consideration of $38,775, which consisted of $17,831 in cash and the assumption of the remaining $20,944 interest in the loan secured by Parkway Place.

Noncontrolling Interests

Noncontrolling interests include the aggregate noncontrolling partnership interest in the Operating Partnership that is not owned by the Company and for which each of the noncontrolling limited partners has the right to exchange all or a portion of its partnership interests for shares of the Company's common stock, or at the Company's election, their cash equivalent. Noncontrolling interests also includes the aggregate noncontrolling ownership interest in the Company's other consolidated subsidiaries that is held by third parties and for which the related partnership agreements either do not include redemption provisions or are subject to redemption provisions that do not require classification outside of permanent equity. As of September 30, 2010, the total noncontrolling interests of $274,187 consisted of third-party interests in the Operating Partnership and in other consolidated subsidiaries of $273,577 and $610, respectively. The total noncontrolling interests at December 31, 2009 of $302,483 consisted of third-party interests in the Operating Partnership and in other consolidated subsidiaries of $301,808 and $675, respectively.

Redeemable noncontrolling interests include a noncontrolling partnership interest in the Operating Partnership that is not owned by the Company and for which the partnership agreement includes redemption provisions that may require the Company to redeem the partnership interest for real property. Redeemable noncontrolling interests also includes the aggregate noncontrolling ownership interest in other consolidated subsidiaries that is held by third parties and for which the related partnership agreements contain redemption provisions at the holder's election that allow for redemption through cash and/or properties. The total redeemable noncontrolling partnership interests of $27,650 as of September 30, 2010 consisted of third-party interests in the Operating Partnership and in the Company's consolidated subsidiary that provides security and maintenance services to third parties of $21,112 and $6,538, respectively. At December 31, 2009, the total redeemable noncontrolling partnership interests of $22,689 consisted of third-party interests in the Operating Partnership and in the Company's consolidated security and maintenance services subsidiary of $16,194 and $6,495, respectively.

The redeemable noncontrolling preferred joint venture interest includes the preferred joint venture units ("PJV units") issued to the Westfield Group ("Westfield") for the acquisition of certain properties during 2007. See Note 9 for additional information related to the PJV units. Activity related to the redeemable noncontrolling preferred joint venture interest represented by the PJV units is as follows:

	Nine Months Ended September 30,	
	2010	2009
Beginning Balance	$ 421,570	$ 421,279
Net income attributable to redeemable noncontrolling preferred joint venture interest	15,454	15,513
Distributions to redeemable noncontrolling preferred joint venture interest	(15,336)	(15,278)

Issuance of preferred joint venture units		2,146		-
Ending Balance	$	423,834	$	421,514

During the third quarter of 2010, the Company issued $2,146 of additional PJV units to Westfield in conjunction with a true-up of amounts that were estimated at the time of the joint venture's formation.

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OK City Outlets, LLC

In October 2010, the Company announced that it had formed a 75/25 joint venture, OK City Outlets, LLC, with Horizon Group Properties, Inc. to develop The Outlet Shoppes at Oklahoma City in Oklahoma City, OK. The partners contributed equity of $16,187 at formation, of which the Company contributed $12,140. The joint venture has received a construction loan commitment of $48,900 and the Company will guarantee the entire amount.

Cost Method Investments

In February 2007, the Company acquired a 6.2% noncontrolling interest in subsidiaries of Jinsheng, an established mall operating and real estate development company located in Nanjing, China, for $10,125. As of September 30, 2010, Jinsheng owns controlling interests in four home decor shopping centers, two general retail shopping centers and four development sites.

Jinsheng also issued to the Company a secured convertible promissory note in exchange for cash of $4,875. The note is secured by 16,565,534 Series 2 Ordinary Shares of Jinsheng. The secured note is non-interest bearing and matures upon the earlier to occur of (i) January 22, 2012, (ii) the closing of the sale, transfer or other disposition of substantially all of Jinsheng's assets, (iii) the closing of a merger or consolidation of Jinsheng or (iv) an event of default, as defined in the secured note. In lieu of the Company's right to demand payment on the maturity date, the Company may, at its sole option, convert the outstanding amount of the secured note into 16,565,534 Series A-2 Preferred Shares of Jinsheng (which equates to a 2.275% ownership interest).

Jinsheng also granted the Company a warrant to acquire 5,461,165 Series A-3 Preferred Shares for $1,875. The warrant expired on January 22, 2010.

The Company accounts for its noncontrolling interest in Jinsheng using the cost method because the Company does not exercise significant influence over Jinsheng and there is no readily determinable market value of Jinsheng's shares since they are not publicly traded. The Company initially recorded the secured note at its estimated fair value of $4,513, which included a discount of $362 due to the fact that it is non-interest bearing. The discount was amortized to interest income over the term of the secured note using the effective interest method through March 2009, at which time the Company recorded an other-than-temporary impairment charge partially related to the secured note. See Note 3 for further discussion. The noncontrolling interest and the secured note are reflected as investment in unconsolidated affiliates in the accompanying condensed consolidated balance sheets.

As part of its investment review as of March 31, 2009, the Company determined that its noncontrolling interest in Jinsheng was impaired on an other-than-temporary basis due to a decline in expected future cash flows. The decrease resulted from declining occupancy rates and sales due to the then downturn of the real estate market in China. An impairment charge of $5,306 was recorded in the Company's condensed consolidated statements of operations for the nine months ended September 30, 2009 to reduce the carrying value of the Company's cost-method investment to its estimated fair value. The Company performed qualitative and quantitative analyses of its noncontrolling investment as of September 30, 2010 and determined that the current balance of its investment is not impaired.

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Note 5 – Mortgage and Other Indebtedness

Mortgage and other indebtedness consisted of the following at September 30, 2010 and December 31, 2009, respectively:

	September 30, 2010		December 31, 2009	
	Amount	Weighted Average Interest Rate (1)	Amount	Weighted Average Interest Rate (1)
Fixed-rate debt:				
Non-recourse loans on operating properties (2)	$ 3,723,900	5.82 %	$ 3,932,572	6.02 %
Recourse loans on operating properties (2)	71,204	4.55 %	117,146	4.64 %
Total fixed-rate debt	3,795,104	5.79 %	4,049,718	5.99 %
Variable-rate debt:				
Non-recourse term loans on operating properties	43,750	2.51 %	-	0.00 %
Recourse term loans on operating properties	399,154	2.51 %	242,763	1.68 %
Secured lines of credit	744,044	3.75 %	759,206	4.19 %
Unsecured term facilities	437,494	1.64 %	437,494	1.73 %
Construction loans	5,324	3.43 %	126,958	2.48 %
Total variable-rate debt	1,629,766	2.84 %	1,566,421	2.97 %
Total	$ 5,424,870	4.91 %	$ 5,616,139	5.15 %

(1) Weighted-average interest rate includes the effect of debt premiums (discounts), but excludes amortization of deferred financing costs.

(2) The Company has an interest rate swap on a notional amount of $40,000 as of September 30, 2010 and two interest rate swaps on notional amounts totaling $127,500 as of December 31, 2009 related to its variable-rate loans on operating properties to effectively fix the interest rates on the respective loans. Therefore, these amounts are reflected in fixed-rate debt in each applicable period.

Secured Lines of Credit

The Company has three secured lines of credit that are used for mortgage retirement, working capital, construction and acquisition purposes, as well as issuances of letters of credit. Each of these lines is secured by mortgages on certain of the Company's operating properties. Borrowings under the secured lines of credit bear interest at LIBOR, subject to a floor of 1.50%, plus a margin ranging from 1.45% to 4.25% and had a weighted average interest rate of 3.75% at September 30, 2010. The Company also pays fees based on the amount of unused availability under its two largest secured lines of credit at an annual rate of 0.35% of unused availability. The following summarizes certain information about the secured lines of credit as of September 30, 2010:

Total Capacity	Total Outstanding	Maturity Date	Extended Maturity Date
$ 560,000	$ 518,920		April 2014

		August 2011	
525,000	220,124 (1)	February 2012	February 2013
105,000	5,000	June 2012	N/A
$ 1,190,000	$ 744,044		

(1) There was an additional $7,291 outstanding on this secured line of credit as of September 30, 2010 for letters of credit. Up to $50,000 of the capacity on this line can be used for letters of credit.

In July 2010, the Company closed on the extension and modification of its secured credit facility with total capacity of $105,000. The facility's maturity date was extended to June 2012 at its existing interest rate of LIBOR, subject to a floor of 1.50%, plus a margin of 300 basis points. The total capacity on this line of credit was scheduled to decrease to $82,500 at June 1, 2011 due to an exiting participant lender that has provided $22,500 of this facility's total capacity, unless a replacement lender was found. The Company executed an agreement with a replacement lender on November 2, 2010 for the full amount of the exiting participant's portion of the facility's total capacity.

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Unsecured Term Loans

The Company has an unsecured term loan with total capacity of $228,000 that bears interest at LIBOR plus a margin of 1.50% to 1.80% based on the Company's leverage ratio, as defined in the loan agreement. At September 30, 2010, the outstanding borrowings of $228,000 under the unsecured term loan had a weighted average interest rate of 1.87%. The loan matures in April 2011 and has two one-year extension options, which are at the Company's election, for an outside maturity date of April 2013.

The Company has an unsecured term loan that was obtained for the exclusive purpose of acquiring certain properties from the Starmount Company or its affiliates. At September 30, 2010, the outstanding borrowings of $209,494 under this loan had a weighted average interest rate of 1.38%. The Company completed its acquisition of the properties in February 2008 and, as a result, no further draws can be made against the loan. The unsecured term loan bears interest at LIBOR plus a margin of 0.95% to 1.40% based on the Company's leverage ratio, as defined in the agreement to the loan. Net proceeds from a sale, or the Company's share of excess proceeds from any refinancings, of any of the properties originally purchased with borrowings from this unsecured term loan must be used to pay down any remaining outstanding balance. The loan matures in November 2010 and has two one-year extension options, which are at the Company's election, for an outside maturity date of November 2012.

Letters of Credit

At September 30, 2010, the Company had additional secured and unsecured lines of credit with a total commitment of $20,971 that can only be used for issuing letters of credit. The letters of credit outstanding under these lines of credit totaled $17,655 at September 30, 2010.

Mortgages on Operating Properties

During the third quarter of 2010, the Company repaid four commercial mortgage-backed securities ("CMBS") loans with borrowings from the $560,000 credit facility. The principal balances that were repaid and the properties securing each loan were as follows: $29,710 secured by Stroud Mall in Stroudsburg, PA; $47,449 secured by York Galleria in York, PA; and $55,360 secured by Parkdale Mall and Parkdale Crossing in Beaumont, TX. Each of these properties was added to the collateral pool securing the $560,000 facility.

Also during the third quarter of 2010, the Company closed on a $65,000 ten-year, non-recourse CMBS loan with a fixed interest rate of 6.50% secured by Valley View Mall in Roanoke, VA. The new loan replaced an existing loan with a principal balance of $40,639 that was scheduled to mature in September 2010. The excess proceeds received from the refinancing were used to pay down the Company's secured credit facilities.

During the second quarter of 2010, the Company entered into an $83,000 ten-year, non-recourse CMBS loan with a fixed interest rate of 6.00% secured by Burnsville Center in Minneapolis, MN. The loan replaced an existing $60,683 loan that was scheduled to mature in August 2010. The Company also entered into an eight-year $115,000 loan with a fixed interest rate of 6.98% secured by CoolSprings Galleria in Nashville, TN. Proceeds from the new loan, plus cash on hand, were used to retire an existing loan of $120,463 that was scheduled to mature in September 2010. Additionally, the Company closed on a new ten-year $14,800 loan with a fixed interest rate of 7.25% secured by The Terrace, a community center in Chattanooga, TN. Excess proceeds from these financing activities were used to pay down the Company's secured credit facilities.

Also during the second quarter, the Company repaid a CMBS loan with a principal balance of $8,988 secured by WestGate Crossing in Spartanburg, SC with borrowings from the $560,000 credit facility and the property was added to the collateral pool securing that facility.

During the first quarter of 2010, the Company closed on a variable-rate $72,000 non-recourse loan that bears interest at LIBOR plus a margin of 400 basis points secured by St. Clair Square in Fairview Heights, IL. The new loan replaced an existing loan with a principal balance of $57,237. The Company has an interest rate cap in place on this loan to limit the LIBOR rate to a maximum of 3.00%. The cap matures in January 2012. The excess proceeds received from the refinancing were used to pay down the Company's secured credit facilities.

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Also during the first quarter, the Company repaid a CMBS loan secured by Park Plaza Mall in Little Rock, AK with a principal balance of $38,856 with borrowings from the $560,000 credit facility and the property was added to the collateral pool securing that facility.

Covenants and Restrictions

The $560,000 and $525,000 secured 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 at September 30, 2010.

The agreements to the $560,000 and $525,000 secured credit facilities and the two unsecured term facilities described above, each with the same lender, contain default and cross-default provisions customary for transactions of this nature (with applicable customary grace periods) in the event (i) there is a default in the payment of any indebtedness owed by the Company to any institution which is a part of the lender groups for the credit facilities, or (ii) there is any other type of default with respect to any indebtedness owed by the Company to any institution which is a part of the lender groups for the credit facilities and such lender accelerates the payment of the indebtedness owed to it as a result of such default. The credit facility agreements provide that, upon the occurrence and continuation of an event of default, payment of all amounts outstanding under these credit facilities and those facilities with which these agreements reference cross-default provisions may be accelerated and the lenders' commitments may be terminated. Additionally, any default in the payment of any recourse indebtedness greater than $50,000 or any non-recourse indebtedness greater than $100,000, regardless of whether the lending institution is a part of the lender groups for the credit facilities, will constitute an event of default under the agreements to the credit facilities.

Several of the Company's malls/open-air centers, associated centers and community centers in addition to the corporate 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. 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.

Scheduled Principal Payments

As of September 30, 2010, the scheduled principal payments of the Company's consolidated debt, excluding extensions available at the Company's option, on all mortgage and other indebtedness, including construction loans and lines of credit, are as follows:

2010	$317,460
2011	1,471,366
2012	835,510
2013	456,434
2014	190,377
Thereafter	2,149,895
	5,421,042
Net unamortized premiums	3,828
	$5,424,870

Of the $317,460 of scheduled principal payments remaining in 2010, $299,562 relates to maturing principal balances and $17,898 to principal amortization. Maturing debt with principal balances of $273,759 outstanding as of September 30, 2010 have extensions available at the Company's option, leaving approximately $25,803 of loan maturities on two operating properties that must be retired or refinanced. The Company has term sheets or availability on its lines of credit to address all of the remaining 2010 debt maturities.

The Company's mortgage and other indebtedness had a weighted average maturity of 3.51 years as of September 30, 2010 and 3.66 years as of December 31, 2009.

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Interest Rate Hedge Instruments

The Company records its derivative instruments in its condensed consolidated balance sheets at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the derivative has been designated as a hedge and, if so, whether the hedge has met the criteria necessary to apply hedge accounting.

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish these objectives, the Company primarily uses interest rate swaps and caps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate caps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an up-front premium.

The effective portion of changes in the fair value of derivatives designated as, and that qualify as, cash flow hedges is recorded in accumulated other comprehensive income ("AOCI") and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. Such derivatives are used to hedge the variable cash flows associated with variable-rate debt.

As of September 30, 2010, the Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk:

Interest Rate Derivative	Number of Instruments	Notional Amount
Interest Rate Swaps	1	$ 40,000
Interest Rate Caps	2	$ 152,000

Instrument Type	Location in Consolidated Balance Sheet	Notional Amount	Designated Benchmark Interest Rate	Strike Rate	Fair Value at 9/30/10	Fair Value at 12/31/09	Maturity Date
Cap	Intangible lease assets and other assets	$72,000 (amortizing to $69,375)	3-month LIBOR	3.000 %	$3	$-	Jan-12
Cap	Intangible lease assets and other assets	80,000	USD-SIFMA Municipal Swap Index	4.000 %	-	2	Dec-10
Pay fixed/ Receive variable Swap	Accounts payable and accrued liabilities	40,000	1-month LIBOR	2.175 %	(144)	(636)	Nov-10

Gain Recognized in OCI	Location of Losses	Loss Recognized in Earnings	Location of Gain	Gain Recognized in Earnings

Hedging Instrument	(Effective Portion) Three Months Ended September 30, 2010	2009	Reclassified from AOCI into Earnings (Effective Portion)	(Effective Portion) Three Months Ended September 30, 2010	2009	Recognized in Earnings (Ineffective Portion)	(Ineffective Portion) Three Months Ended September 30, 2010	2009
Interest rate hedges	$ 1,054	$ 3,312	Interest Expense	$ (889)	$ (4,322)	Interest Expense	$ 7	$ 7

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Hedging Instrument	Gain Recognized in OCI (Effective Portion) Nine Months Ended September 30, 2010	2009	Location of Losses Reclassified from AOCI into Earnings (Effective Portion)	Loss Recognized in Earnings (Effective Portion) Nine Months Ended September 30, 2010	2009	Location of Gain Recognized in Earnings (Ineffective Portion)	Gain Recognized in Earnings (Ineffective Portion) Nine Months Ended September 30, 2010	2009
Interest rate hedges	$ 2,569	$ 8,435	Interest Expense	$ (2,773)	$ (12,632)	Interest Expense	$ 23	$ 28

As of September 30, 2010, the Company expects to reclassify approximately $345 of losses currently reported in accumulated other comprehensive income to interest expense within the next twelve months due to the amortization of one interest rate swap and two interest rate caps. Fluctuations in fair values of these derivatives between September 30, 2010 and the date of termination will vary the projected reclassification amount.

Note 6 – Comprehensive Income

Comprehensive income includes all changes in redeemable noncontrolling interests and total equity during the period, except those resulting from investments by shareholders and partners, distributions to shareholders and partners and redemption valuation adjustments. Other comprehensive income ("OCI") includes changes in unrealized gains (losses) on available-for-sale securities, interest rate hedge agreements and foreign currency translation adjustments. The computation of comprehensive income for the three and nine months ended September 30, 2010 and 2009 is as follows:

	Three Months Ended September 30, 2010	2009	Nine Months Ended September 30, 2010	2009
Net income	$ 27,677	$ 27,844	$ 59,397	$ 67,728
Other comprehensive income:				
Net unrealized gain on hedging agreements	1,054	3,312	2,569	8,435
Net unrealized gain on available-for-sale securities	458	1,144	5,354	1,280
Realized loss on foreign currency translation adjustment	-	-	169	75
Net unrealized gain (loss) on foreign currency translation adjustment	-	1,852	(156)	6,031
Total other comprehensive income	1,512	6,308	7,936	15,821
Comprehensive income	$ 29,189	$ 34,152	$ 67,333	$ 83,549

The components of accumulated other comprehensive income (loss) as of September 30, 2010 and December 31, 2009 are as follows:

September 30, 2010

As reported in:

	Redeemable Noncontrolling Interests	Shareholders' Equity	Noncontrolling Interests	Total
Net unrealized gain (loss) on hedging agreements	$ 421	$ 1,548	$ (2,360)	$ (391)
Net unrealized gain on available-for-sale securities	305	3,850	1,031	5,186
Accumulated other comprehensive income (loss)	$ 726	$ 5,398	$ (1,329)	$ 4,795

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	December 31, 2009 As reported in:			
	Redeemable Noncontrolling Interests	Shareholders' Equity	Noncontrolling Interests	Total
Net unrealized gain (loss) on hedging agreements	$ 400	$ (319)	$ (3,041)	$ (2,960)
Net unrealized gain (loss) on available-for-sale securities	261	(29)	(400)	(168)
Net unrealized gain (loss) on foreign currency translation adjustment	396	839	(1,248)	(13)
Accumulated other comprehensive income (loss)	$ 1,057	$ 491	$ (4,689)	$ (3,141)

Note 7 – Segment Information

The Company measures performance and allocates resources according to property type, which is determined based on certain criteria such as type of tenants, capital requirements, economic risks, leasing terms, and short and long-term returns on capital. Rental income and tenant reimbursements from tenant leases provide the majority of revenues from all segments. Information on the Company's reportable segments is presented as follows:

Three Months Ended September 30, 2010	Malls	Associated Centers	Community Centers	All Other (2)	Total
Revenues	$236,037	$10,691	$8,007	$11,096	$265,831
Property operating expenses (1)	(80,927)	(2,796)	(991)	7,594	(77,120)
Interest expense	(57,580)	(1,921)	(1,904)	(10,648)	(72,053)
Other expense	-	-	-	(6,351)	(6,351)
Gain (loss) on sales of real estate assets	(71)	-	567	95	591
Segment profit	$97,459	$5,974	$5,679	$1,786	110,898
Depreciation and amortization expense					(73,333)
General and administrative expense					(10,495)
Interest and other income					832
Equity in losses of unconsolidated affiliates					(1,558)
Income tax benefit					1,264
Income from continuing operations					$27,608
Capital expenditures (3)	$27,891	$2,413	$120	$13,748	$44,172

Three Months Ended September 30, 2009	Malls	Associated Centers	Community Centers	All Other (2)	Total
Revenues	$ 237,268	$ 9,904	$ 4,579	$ 10,708	$ 262,459
Property operating expenses (1)	(82,237)	(2,600)	(1,488)	7,221	(79,104)
Interest expense	(61,364)				