CBL & ASSOCIATES PROPERTIES INC
Form 10-K
February 29, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2007

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 Number 1-12494

CBL & ASSOCIATES PROPERTIES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**62-1545718**
(State or other jurisdiction of incorporate or organization)	(I.R.S. Employer Identification No.)
2030 Hamilton Place Blvd, Suite 500	**37421**
Chattanooga, TN	(Zip Code)

(Address of principal executive office)

Registrant's telephone number, including area code:**423.855.0001**

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	**Name of each exchange on which registered**
Common Stock, $0.01 par value	New York Stock Exchange
7.75% Series C Cumulative Redeemable Preferred Stock, $0.01 par value	New York Stock Exchange
7.375% Series D Cumulative Redeemable Preferred Stock, $0.01 par value	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [X] No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. 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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Act. (Check one):

Large accelerated filer x	Accelerated filero
Non-accelerated filer o (Do not check if a 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 Act).

Yes o No x

The aggregate market value of the 60,200,515 shares of common stock held by non-affiliates of the registrant as of June 30, 2007 was $2,170,228,569, based on the closing price of $36.05 per share on the New York Stock Exchange on June 29, 2007. (For this computation, the registrant has excluded the market value of all shares of its common stock reported as beneficially owned by executive officers and directors of the registrant; such exclusion shall not be deemed to constitute an admission that any such person is an "affiliate" of the registrant.)

As of February 25, 2008, 66,340,515 shares of common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the 2008 Annual Shareholder's Meeting are incorporated by reference in Part III.

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PART IV

Cautionary Statement Regarding to Forward-Looking Statements

Certain statements included or incorporated by reference in this Annual Report on Form 10-K may be deemed "forward looking statements" within the meaning of applicable federal securities laws. In many cases, these forward looking statements may be identified by the use of words such as "will," "may," "should," "could," "believes," "expects," "anticipates," "estimates," "intends," "projects," "goals," "objectives," "targets," "predicts," "plan expressions. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we cannot give assurance that these expectations will be attained, and it is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties. Including the risk factors discussed in Item 1A of this report, such risks and uncertainties include, without limitation, general industry, economic and business conditions, interest rate fluctuations, costs of capital and capital requirements, availability of real estate properties, inability to consummate acquisition opportunities, competition from other companies and retail formats, changes in retail rental rates in our markets, shifts in customer demands, tenant bankruptcies or store closings, changes in vacancy rates at our properties, changes in operating expenses, changes in applicable laws, rules and regulations, the ability to obtain suitable equity and/or debt financing and the continued availability of financing in the amounts and on the terms necessary to support our future business. The Company disclaims any obligation to update or revise any forward-looking statements to reflect actual results or changes in the factors affecting the forward-looking information.

Part I.

ITEM 1. BUSINESS

Background

CBL & Associates Properties, Inc. ("CBL") was organized on July 13, 1993, as a Delaware corporation, to acquire substantially all of the real estate properties owned by CBL & Associates, Inc., and its affiliates ("CBL's Predecessor"), which was formed by Charles B. Lebovitz in 1978. On November 3, 1993, CBL completed an initial public offering (the "Offering"). Simultaneous with the completion of the Offering, CBL's Predecessor transferred substantially all of its interests in its real estate properties to CBL & Associates Limited Partnership (the "Operating Partnership") in exchange for common units of limited partnership interest in the Operating Partnership. The interests in the Operating Partnership contain certain conversion rights that are more fully described in Note 9 to the consolidated financial statements. The terms "we", "us", "our" and the "Company" refer to CBL & Associates Properties, Inc. and its subsidiaries.

The Company's Business

We are a self-managed, self-administered, fully integrated real estate investment trust ("REIT"). We own, develop, acquire, lease, manage, and operate regional malls and open-air and community shopping centers. Our shopping center properties are located in 27 states, but primarily in the southeastern and midwestern United States. We have elected to be taxed as a REIT for federal income tax purposes.

We conduct substantially all of our business through the Operating Partnership. We are the 100% owner of two qualified REIT subsidiaries, CBL Holdings I, Inc. and CBL Holdings II, Inc. CBL Holdings I, Inc. is the sole general partner of the Operating Partnership. At December 31, 2007, CBL Holdings I, Inc. owned a 1.6% general partnership interest and CBL Holdings II, Inc. owned a 55.1% limited partnership interest in the Operating Partnership, for a combined interest held by us of 56.7%.

As of December 31, 2007, we owned:

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- § interests in 84 regional malls/open-air centers (the “Malls”), 32 associated centers (the “Associated Centers”), 15 community centers (the “Community Centers”) and 19 office buildings, including our corporate office (the “Office Buildings”);
- § interests in four mall expansions, two associated/lifestyle centers, three community/open-air centers, a mixed-use center and an office building that are currently under construction (the “Construction Properties”), as well as options to acquire certain shopping center development sites; and
- § mortgages on 16 properties that are secured by first mortgages or wrap-around mortgages on the underlying real estate and related improvements (the “Mortgages”).

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

We conduct our property management and development activities through CBL & Associates Management, Inc. (the “Management Company”) to comply with certain technical requirements of the Internal Revenue Code of 1986, as amended.

The Management Company manages all but 30 of the Properties. The Company purchased a whole or partial interest in a total of 27 properties from the Starmount Company in November 2007. Four of the Properties, located in Virginia, were managed by their pre-acquisition property managers through December 31, 2007. All other properties purchased in the transaction will continue to be managed by their pre-acquisition property managers through February 2008. In addition, Governor’s Square and Governor’s Plaza in Clarksville, TN, and Kentucky Oaks Mall in Paducah, KY are all owned by joint ventures and are managed by a property manager that is affiliated with the third party managing general partner, which receives a fee for its services. The managing partner of each of these Properties controls the cash flow distributions, although our approval is required for certain major decisions.

Revenues are primarily derived from leases with retail tenants and generally include minimum rents, percentage rents based on tenants’ sales volumes and reimbursements from tenants for expenditures related to property operating expenses, real estate taxes, insurance and maintenance and repairs, as well as certain capital expenditures. We also generate revenues from advertising, sponsorships, sales of peripheral land at the Properties and from sales of real estate assets when it is determined that we can realize a premium value for the assets. Proceeds from such sales are generally used to reduce borrowings on our credit facilities.

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

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

Significant Markets and Tenants

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Top Five Markets

Our top five markets, in terms of revenues, were as follows for the year ended December 31, 2007**:**

Market	Percentage of Total Revenues
Nashville, TN	5.2%
Pittsburgh, PA	4.5%
Overland Park, KS	3.5%
Madison, WI	3.0%
Chattanooga, TN	3.0%

Top 25 Tenants

Our top 25 tenants based on percentage of total revenues were as follows for the year ended December 31, 2007:

	Tenant	Number of Stores	Square Feet	Annual Gross Rentals (1)	Percentage of Total Revenues
1	Limited Brands, LLC	162	803,523	$31,329,844	3.01%
2	Foot Locker, Inc.	198	760,640	31,021,076	2.98%
3	Gap Inc.	107	1,116,668	27,450,816	2.64%
4	Abercrombie & Fitch, Co.	90	608,047	22,689,087	2.18%
5	AE Outfitters Retail Company	80	462,375	20,551,015	1.97%
6	Signet Group plc (2)	122	204,473	19,282,615	1.85%
7	Finish Line, Inc.	89	446,013	17,123,420	1.64%
8	Zale Corporation	151	157,038	16,255,012	1.56%
9	Luxottica Group, S.P.A. (3)	155	340,917	16,216,445	1.56%
10	Genesco Inc. (4)	183	249,437	14,737,664	1.42%
11	New York & Company, Inc.	56	397,360	14,540,697	1.40%
12	JCPenney Co. Inc. (5)	74	8,424,596	14,516,094	1.39%
13	Express Fashions	46	398,762	13,709,803	1.32%
14	Dick’s Sporting Goods, Inc.	15	902,638	12,913,156	1.24%
15	The Regis Corporation	211	249,598	12,566,224	1.21%
16	The Children’s Place Retail Stores (6)	70			