

Section 1: 10-Q (10-Q)

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UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2018
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NO. 1-12494 (CBL & ASSOCIATES PROPERTIES, INC.)
COMMISSION FILE NO. 333-182515-01 (CBL & ASSOCIATES LIMITED PARTNERSHIP)

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

DELAWARE (CBL & ASSOCIATES PROPERTIES, INC.) 62-1545718
DELAWARE (CBL & ASSOCIATES LIMITED PARTNERSHIP) 62-1542285
(State or other jurisdiction of incorporation or organization) (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.

CBL & Associates Properties, Inc. Yes No
CBL & Associates Limited Partnership Yes No

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).

CBL & Associates Properties, Inc. Yes No
CBL & Associates Limited Partnership Yes No

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

CBL & Associates Properties, Inc.
Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Emerging growth company

CBL & Associates Limited Partnership
Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

CBL & Associates Properties, Inc.

Yes No

CBL & Associates Limited Partnership

Yes No

As of August 3, 2018, there were 172,667,429 shares of CBL & Associates Properties, Inc.'s common stock, par value \$0.01 per share, outstanding.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended June 30, 2018 of CBL & Associates Properties, Inc. and CBL & Associates Limited Partnership. Unless stated otherwise or the context otherwise requires, references to the "Company" mean CBL & Associates Properties, Inc. and its subsidiaries. References to the "Operating Partnership" mean CBL & Associates Limited Partnership and its subsidiaries. The terms "we," "us" and "our" refer to the Company or the Company and the Operating Partnership collectively, as the context requires.

The Company is a real estate investment trust ("REIT") whose stock is traded on the New York Stock Exchange. The Company is the 100% owner of two qualified REIT subsidiaries, CBL Holdings I, Inc. and CBL Holdings II, Inc. At June 30, 2018, CBL Holdings I, Inc., the sole general partner of the Operating Partnership, owned a 1.0% general partner interest in the Operating Partnership and CBL Holdings II, Inc. owned an 85.6% limited partner interest for a combined interest held by the Company of 86.6%.

As the sole general partner of the Operating Partnership, the Company's subsidiary, CBL Holdings I, Inc., has exclusive control of the Operating Partnership's activities. Management operates the Company and the Operating Partnership as one business. The management of the Company consists of the same individuals that manage the Operating Partnership. The Company's only material asset is its indirect ownership of partnership interests of the Operating Partnership. As a result, the Company conducts substantially all its business through the Operating Partnership as described in the preceding paragraph. The Company also issues public equity from time to time and guarantees certain debt of the Operating Partnership. The Operating Partnership holds all of the assets and indebtedness of the Company and, through affiliates, retains the ownership interests in the Company's joint ventures. Except for the net proceeds of offerings of equity by the Company, which are contributed to the Operating Partnership in exchange for partnership units on a one-for-one basis, the Operating Partnership generates all remaining capital required by the Company's business through its operations and its incurrence of indebtedness.

We believe that combining the two quarterly reports on Form 10-Q for the Company and the Operating Partnership provides the following benefits:

- enhances investors' understanding of the Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner that management views and operates the business;
- eliminates duplicative disclosure and provides a more streamlined and readable presentation, since a substantial portion of the disclosure applies to both the Company and the Operating Partnership; and
- creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

To help investors understand the differences between the Company and the Operating Partnership, this report provides separate condensed consolidated financial statements for the Company and the Operating Partnership. Noncontrolling interests, shareholders' equity and partners' capital are the main areas of difference between the condensed consolidated financial statements of the Company and those of the Operating Partnership. A single set of notes to condensed consolidated financial statements is presented that includes separate discussions for the Company and the Operating Partnership, when applicable. A combined Management's Discussion and Analysis of Financial Condition and Results of Operations section is also included that presents combined information and discrete information related to each entity, as applicable.

In order to highlight the differences between the Company and the Operating Partnership, this report includes the following sections that provide separate financial and other information for the Company and the Operating Partnership:

- condensed consolidated financial statements;
- certain accompanying notes to condensed consolidated financial statements, including [Note 6](#) - Unconsolidated Affiliates and Noncontrolling Interests; [Note 7](#) - Mortgage and Other Indebtedness, Net; and [Note 10](#) - Earnings per Share and Earnings per Unit;
- controls and procedures in [Item 4](#) of Part I of this report;
- information concerning unregistered sales of equity securities and use of proceeds in [Item 2](#) of Part II of this report; and
- certifications of the Chief Executive Officer and Chief Financial Officer included as Exhibits 31.1 through 32.4.

**CBL & Associates Properties, Inc.
CBL & Associates Limited Partnership
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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)

ASSETS (1)	June 30, 2018	December 31, 2017
Real estate assets:		
Land	\$ 797,045	\$ 813,390
Buildings and improvements	6,590,133	6,723,194
	7,387,178	7,536,584
Accumulated depreciation	(2,501,864)	(2,465,095)
	4,885,314	5,071,489
Held for sale	17,412	—
Developments in progress	114,398	85,346
Net investment in real estate assets	5,017,124	5,156,835
Cash and cash equivalents	23,428	32,627
Receivables:		
Tenant, net of allowance for doubtful accounts of \$2,097 and \$2,011 in 2018 and 2017, respectively	76,367	83,552
Other, net of allowance for doubtful accounts of \$838 in 2018 and 2017	6,056	7,570
Mortgage and other notes receivable	8,429	8,945
Investments in unconsolidated affiliates	278,167	249,192
Intangible lease assets and other assets	172,438	166,087
	<u>\$ 5,582,009</u>	<u>\$ 5,704,808</u>
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Mortgage and other indebtedness, net	\$ 4,172,353	\$ 4,230,845
Accounts payable and accrued liabilities	224,509	228,650
Total liabilities (1)	4,396,862	4,459,495
Commitments and contingencies (Note 7 and Note 11)		
Redeemable noncontrolling interests	8,694	8,835
Shareholders' equity:		
Preferred stock, \$.01 par value, 15,000,000 shares authorized:		
7.375% Series D Cumulative Redeemable Preferred Stock, 1,815,000 shares outstanding	18	18
6.625% Series E Cumulative Redeemable Preferred Stock, 690,000 shares outstanding	7	7
Common stock, \$.01 par value, 350,000,000 shares authorized, 172,661,708 and 171,088,778 issued and outstanding in 2018 and 2017, respectively	1,727	1,711
Additional paid-in capital	1,966,491	1,974,537
Dividends in excess of cumulative earnings	(880,292)	(836,269)
Total shareholders' equity	1,087,951	1,140,004
Noncontrolling interests	88,502	96,474
Total equity	1,176,453	1,236,478
	<u>\$ 5,582,009</u>	<u>\$ 5,704,808</u>

(1) As of June 30, 2018, includes \$638,301 of assets related to consolidated variable interest entities that can be used only to settle obligations of the consolidated variable interest entities and \$351,039 of liabilities of consolidated variable interest entities for which creditors do not have recourse to the general credit of the Company. See [Note 6](#).

The accompanying notes are an integral part of these condensed consolidated statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
REVENUES:				
Minimum rents	\$ 148,488	\$ 157,609	\$ 298,849	\$ 317,359
Percentage rents	2,138	1,738	4,181	4,127
Other rents	2,496	3,729	4,551	7,381
Tenant reimbursements	56,614	62,231	117,227	129,522
Management, development and leasing fees	2,643	2,577	5,364	6,029
Other	2,219	1,349	4,626	2,828
Total revenues	<u>214,598</u>	<u>229,233</u>	<u>434,798</u>	<u>467,246</u>
OPERATING EXPENSES:				
Property operating	29,527	30,041	62,353	64,955
Depreciation and amortization	73,566	82,509	145,316	153,729
Real estate taxes	20,456	18,687	42,304	40,770
Maintenance and repairs	12,059	11,716	25,238	25,068
General and administrative	13,490	15,752	31,794	31,834
Loss on impairment	51,983	43,203	70,044	46,466
Other	245	5,019	339	5,019
Total operating expenses	<u>201,326</u>	<u>206,927</u>	<u>377,388</u>	<u>367,841</u>
Income from operations	13,272	22,306	57,410	99,405
Interest and other income	218	31	431	1,435
Interest expense	(54,203)	(55,065)	(107,970)	(111,266)
Gain on extinguishment of debt	—	20,420	—	24,475
Gain (loss) on investments	387	(5,843)	387	(5,843)
Income tax benefit	2,235	2,920	2,880	3,720
Equity in earnings of unconsolidated affiliates	4,368	6,325	8,107	11,698
Income (loss) from continuing operations before gain on sales of real estate assets	(33,723)	(8,906)	(38,755)	23,624
Gain on sales of real estate assets	3,747	79,533	8,118	85,521
Net income (loss)	(29,976)	70,627	(30,637)	109,145
Net (income) loss attributable to noncontrolling interests in:				
Operating Partnership	5,685	(5,093)	7,350	(8,783)
Other consolidated subsidiaries	494	(24,138)	393	(24,851)
Net income (loss) attributable to the Company	(23,797)	41,396	(22,894)	75,511
Preferred dividends	(11,223)	(11,223)	(22,446)	(22,446)
Net income (loss) attributable to common shareholders	\$ (35,020)	\$ 30,173	\$ (45,340)	\$ 53,065
Basic and diluted per share data attributable to common shareholders:				
Net income (loss) attributable to common shareholders	\$ (0.20)	\$ 0.18	\$ (0.26)	\$ 0.31
Weighted-average common and potential dilutive common shares outstanding	172,662	171,095	172,304	171,042
Dividends declared per common share	\$ 0.200	\$ 0.265	\$ 0.400	\$ 0.530

The accompanying notes are an integral part of these condensed consolidated statements.

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

	Equity							
	Shareholders' Equity						Noncontrolling Interests	Total Equity
	Redeemable Noncontrolling Interests	Preferred Stock	Common Stock	Additional Paid-in Capital	Dividends in Excess of Cumulative Earnings	Total Shareholders' Equity		
Balance, January 1, 2017	\$ 17,996	\$ 25	\$ 1,708	\$1,969,059	\$ (742,078)	\$ 1,228,714	\$ 112,138	\$1,340,852
Net income	485	—	—	—	75,511	75,511	33,149	108,660
Dividends declared - common stock	—	—	—	—	(90,680)	(90,680)	—	(90,680)
Dividends declared - preferred stock	—	—	—	—	(22,446)	(22,446)	—	(22,446)
Issuances of 336,475 shares of common stock and restricted common stock	—	—	3	423	—	426	—	426
Cancellation of 34,478 shares of restricted common stock	—	—	—	(304)	—	(304)	—	(304)
Performance stock units	—	—	—	729	—	729	—	729
Amortization of deferred compensation	—	—	—	2,275	—	2,275	—	2,275
Redemption of Operating Partnership common units	—	—	—	—	—	—	(530)	(530)
Adjustment for noncontrolling interests	1,483	—	—	(3,821)	—	(3,821)	2,338	(1,483)
Adjustment to record redeemable noncontrolling interests at redemption value	(4,286)	—	—	3,709	—	3,709	577	4,286
Deconsolidation of investment	—	—	—	—	—	—	(2,232)	(2,232)
Contributions from noncontrolling interests	—	—	—	—	—	—	263	263
Distributions to noncontrolling interests	(2,286)	—	—	—	—	—	(38,857)	(38,857)
Balance, June 30, 2017	\$ 13,392	\$ 25	\$ 1,711	\$1,972,070	\$ (779,693)	\$ 1,194,113	\$ 106,846	\$1,300,959

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

	Equity							
	Shareholders' Equity					Total Shareholders' Equity	Noncontrolling Interests	Total Equity
	Redeemable Noncontrolling Interests	Preferred Stock	Common Stock	Additional Paid-in Capital	Dividends in Excess of Cumulative Earnings			
Balance, January 1, 2018	\$ 8,835	\$ 25	\$ 1,711	\$1,974,537	\$ (836,269)	\$ 1,140,004	\$ 96,474	\$1,236,478
Net loss	(418)	—	—	—	(22,894)	(22,894)	(7,325)	(30,219)
Cumulative effect of accounting change (Note 2)	—	—	—	—	11,433	11,433	—	11,433
Cumulative effect of accounting change (Note 3)	—	—	—	—	58,947	58,947	—	58,947
Dividends declared - common stock	—	—	—	—	(69,063)	(69,063)	—	(69,063)
Dividends declared - preferred stock	—	—	—	—	(22,446)	(22,446)	—	(22,446)
Issuances of 709,113 shares of common stock and restricted common stock	—	—	7	771	—	778	—	778
Conversion of 915,338 Operating Partnership common units into shares of common stock	—	—	9	3,050	—	3,059	(3,059)	—
Redemptions of Operating Partnership common units	—	—	—	—	—	—	(2,246)	(2,246)
Cancellation of 51,521 shares of restricted common stock	—	—	—	(236)	—	(236)	—	(236)
Performance stock units	—	—	—	694	—	694	—	694
Amortization of deferred compensation	—	—	—	2,010	—	2,010	—	2,010
Adjustment for noncontrolling interests	2,228	—	—	(14,037)	—	(14,037)	11,807	(2,230)
Adjustment to record redeemable noncontrolling interests at redemption value	335	—	—	(298)	—	(298)	(35)	(333)
Contributions from noncontrolling interests	—	—	—	—	—	—	7,859	7,859
Distributions to noncontrolling interests	(2,286)	—	—	—	—	—	(14,973)	(14,973)
Balance, June 30, 2018	\$ 8,694	\$ 25	\$ 1,727	\$1,966,491	\$ (880,292)	\$ 1,087,951	\$ 88,502	\$1,176,453

The accompanying notes are an integral part of these condensed consolidated statements.

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

	Six Months Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (30,637)	\$ 109,145
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	145,316	153,729
Net amortization of deferred financing costs, debt premiums and discounts	3,593	2,126
Net amortization of intangible lease assets and liabilities	(1,436)	(883)
Gain on sales of real estate assets	(8,118)	(85,521)
(Gain) loss on investment	(387)	5,843
Write-off of development projects	339	5,019
Share-based compensation expense	3,398	3,324
Loss on impairment	70,044	46,466
Gain on extinguishment of debt	—	(24,475)
Equity in earnings of unconsolidated affiliates	(8,107)	(11,698)
Distributions of earnings from unconsolidated affiliates	9,669	9,640
Provision for doubtful accounts	2,786	2,374
Change in deferred tax accounts	(1,993)	3,750
Changes in:		
Tenant and other receivables	6,173	(3,098)
Other assets	(1,269)	(6,638)
Accounts payable and accrued liabilities	(9,489)	(3,776)
Net cash provided by operating activities	<u>179,882</u>	<u>205,327</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to real estate assets	(65,988)	(93,535)
Acquisitions of real estate assets	(2,051)	(79,799)
Proceeds from sales of real estate assets	19,556	194,632
Payments received on mortgage and other notes receivable	516	1,190
Additional investments in and advances to unconsolidated affiliates	(1,529)	(4,853)
Distributions in excess of equity in earnings of unconsolidated affiliates	31,537	11,573
Changes in other assets	(4,878)	(11,203)
Net cash provided by (used in) investing activities	<u>(22,837)</u>	<u>18,005</u>

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

	Six Months Ended June 30,	
	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from mortgage and other indebtedness	\$ 202,160	\$ 494,103
Principal payments on mortgage and other indebtedness	(263,486)	(541,729)
Additions to deferred financing costs	(98)	(872)
Prepayment fees on extinguishment of debt	—	(8,500)
Proceeds from issuances of common stock	78	102
Purchases of noncontrolling interests in the Operating Partnership	(2,246)	(530)
Contributions from noncontrolling interests	7,859	263
Payment of tax withholdings for restricted stock awards	(232)	(298)
Distributions to noncontrolling interests	(17,547)	(41,162)
Dividends paid to holders of preferred stock	(22,446)	(22,446)
Dividends paid to common shareholders	(68,748)	(90,600)
Net cash used in financing activities	(164,706)	(211,669)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(7,661)	11,663
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of period	68,172	65,069
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period	\$ 60,511	\$ 76,732
Reconciliation from condensed consolidated statements of cash flows to condensed consolidated balance sheets:		
Cash and cash equivalents	\$ 23,428	\$ 29,622
Restricted cash (1):		
Restricted cash	5,829	2,012
Mortgage escrows	31,254	45,098
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period	\$ 60,511	\$ 76,732
SUPPLEMENTAL INFORMATION:		
Cash paid for interest, net of amounts capitalized	\$ 100,185	\$ 116,349

(1) Included in intangible lease assets and other assets in the condensed consolidated balance sheets.

The accompanying notes are an integral part of these condensed consolidated statements.

CBL & Associates Limited Partnership
Condensed Consolidated Balance Sheets
(In thousands, except unit data)
(Unaudited)

ASSETS (1)	June 30, 2018	December 31, 2017
Real estate assets:		
Land	\$ 797,045	\$ 813,390
Buildings and improvements	6,590,133	6,723,194
	<u>7,387,178</u>	<u>7,536,584</u>
Accumulated depreciation	(2,501,864)	(2,465,095)
	<u>4,885,314</u>	<u>5,071,489</u>
Held for sale	17,412	—
Developments in progress	114,398	85,346
Net investment in real estate assets	<u>5,017,124</u>	<u>5,156,835</u>
Cash and cash equivalents	23,427	32,627
Receivables:		
Tenant, net of allowance for doubtful accounts of \$2,097 and \$2,011 in 2018 and 2017, respectively	76,367	83,552
Other, net of allowance for doubtful accounts of \$838 in 2018 and 2017	6,007	7,520
Mortgage and other notes receivable	8,429	8,945
Investments in unconsolidated affiliates	278,704	249,722
Intangible lease assets and other assets	172,319	165,967
	<u>\$ 5,582,377</u>	<u>\$ 5,705,168</u>
LIABILITIES, REDEEMABLE INTERESTS AND CAPITAL		
Mortgage and other indebtedness, net	\$ 4,172,353	\$ 4,230,845
Accounts payable and accrued liabilities	224,581	228,720
Total liabilities (1)	<u>4,396,934</u>	<u>4,459,565</u>
Commitments and contingencies (Note 7 and Note 11)		
Redeemable common units	8,694	8,835
Partners' capital:		
Preferred units	565,212	565,212
Common units:		
General partner	6,074	6,735
Limited partners	591,202	655,120
Total partners' capital	<u>1,162,488</u>	<u>1,227,067</u>
Noncontrolling interests	14,261	9,701
Total capital	<u>1,176,749</u>	<u>1,236,768</u>
	<u>\$ 5,582,377</u>	<u>\$ 5,705,168</u>

(1) As of June 30, 2018, includes \$638,301 of assets related to consolidated variable interest entities that can only be used to settle obligations of the consolidated variable interest entities and \$351,039 of liabilities of consolidated variable interest entities for which creditors do not have recourse to the general credit of the Operating Partnership. See [Note 6](#).

The accompanying notes are an integral part of these condensed consolidated statements.

CBL & Associates Limited Partnership
Condensed Consolidated Statements of Operations
(In thousands, except per unit data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
REVENUES:				
Minimum rents	\$ 148,488	\$ 157,609	\$ 298,849	\$ 317,359
Percentage rents	2,138	1,738	4,181	4,127
Other rents	2,496	3,729	4,551	7,381
Tenant reimbursements	56,614	62,231	117,227	129,522
Management, development and leasing fees	2,643	2,577	5,364	6,029
Other	2,219	1,349	4,626	2,828
Total revenues	<u>214,598</u>	<u>229,233</u>	<u>434,798</u>	<u>467,246</u>
OPERATING EXPENSES:				
Property operating	29,527	30,041	62,353	64,955
Depreciation and amortization	73,566	82,509	145,316	153,729
Real estate taxes	20,456	18,687	42,304	40,770
Maintenance and repairs	12,059	11,716	25,238	25,068
General and administrative	13,490	15,752	31,794	31,834
Loss on impairment	51,983	43,203	70,044	46,466
Other	245	5,019	339	5,019
Total operating expenses	<u>201,326</u>	<u>206,927</u>	<u>377,388</u>	<u>367,841</u>
Income from operations	13,272	22,306	57,410	99,405
Interest and other income	218	31	431	1,435
Interest expense	(54,203)	(55,065)	(107,970)	(111,266)
Gain on extinguishment of debt	—	20,420	—	24,475
Gain (loss) on investments	387	(5,843)	387	(5,843)
Income tax benefit	2,235	2,920	2,880	3,720
Equity in earnings of unconsolidated affiliates	4,368	6,325	8,107	11,698
Income (loss) from continuing operations before gain on sales of real estate assets	(33,723)	(8,906)	(38,755)	23,624
Gain on sales of real estate assets	3,747	79,533	8,118	85,521
Net income (loss)	(29,976)	70,627	(30,637)	109,145
Net (income) loss attributable to noncontrolling interests	494	(24,138)	393	(24,851)
Net income (loss) attributable to the Operating Partnership	(29,482)	46,489	(30,244)	84,294
Distributions to preferred unitholders	(11,223)	(11,223)	(22,446)	(22,446)
Net income (loss) attributable to common unitholders	\$ (40,705)	\$ 35,266	\$ (52,690)	\$ 61,848
Basic and diluted per unit data attributable to common unitholders:				
Net income (loss) attributable to common unitholders	\$ (0.20)	\$ 0.18	\$ (0.26)	\$ 0.31
Weighted-average common and potential dilutive common units outstanding	199,767	199,371	199,731	199,326
Distributions declared per common unit	\$ 0.209	\$ 0.273	\$ 0.418	\$ 0.546

The accompanying notes are an integral part of these condensed consolidated statements.

CBL & Associates Limited Partnership
Condensed Consolidated Statements of Capital
(In thousands)
(Unaudited)

	Redeemable Common Units	Number of		Common Units		Total Partners' Capital	Noncontrolling Interests	Total Capital	
		Preferred Units	Common Units	Preferred Units	General Partner				Limited Partners
Balance, January 1, 2017	\$ 17,996	25,050	199,085	\$ 565,212	\$ 7,781	\$756,083	\$ 1,329,076	\$ 12,103	\$1,341,179
Net income	485	—	—	22,446	631	60,732	83,809	24,851	108,660
Distributions declared - common units	(2,286)	—	—	—	(1,066)	(105,423)	(106,489)	—	(106,489)
Distributions declared - preferred units	—	—	—	(22,446)	—	—	(22,446)	—	(22,446)
Issuances of common units	—	—	336	—	—	426	426	—	426
Redemption of common units	—	—	—	—	—	(530)	(530)	—	(530)
Cancellation of restricted common stock	—	—	(35)	—	—	(304)	(304)	—	(304)
Performance stock units	—	—	—	—	7	722	729	—	729
Amortization of deferred compensation	—	—	—	—	23	2,252	2,275	—	2,275
Allocation of partners' capital	1,483	—	—	—	(52)	(1,457)	(1,509)	—	(1,509)
Adjustment to record redeemable interests at redemption value	(4,286)	—	—	—	44	4,242	4,286	—	4,286
Deconsolidation of investment	—	—	—	—	—	—	—	(2,232)	(2,232)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	263	263
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(23,048)	(23,048)
Balance, June 30, 2017	\$ 13,392	25,050	199,386	\$ 565,212	\$ 7,368	\$716,743	\$1,289,323	\$ 11,937	\$1,301,260

CBL & Associates Limited Partnership
Condensed Consolidated Statements of Capital

(In thousands)
(Unaudited)
(Continued)

	Redeemable Common Units	Number of		Common Units		Total Partners' Capital	Noncontrolling Interests	Total Capital	
		Preferred Units	Common Units	Preferred Units	General Partner				Limited Partners
Balance, January 1, 2018	\$ 8,835	25,050	199,297	\$ 565,212	\$ 6,735	\$655,120	\$1,227,067	\$ 9,701	\$1,236,768
Net income (loss)	(418)	—	—	22,446	(537)	(51,735)	(29,826)	(393)	(30,219)
Cumulative effect of accounting change (Note 2)	—	—	—	—	117	11,316	11,433	—	11,433
Cumulative effect of accounting change (Note 3)	—	—	—	—	605	58,342	58,947	—	58,947
Distributions declared - common units	(2,286)	—	—	—	(805)	(80,325)	(81,130)	—	(81,130)
Distributions declared - preferred units	—	—	—	(22,446)	—	—	(22,446)	—	(22,446)
Issuances of common units	—	—	709	—	—	778	778	—	778
Redemptions of common units	—	—	(527)	—	—	(2,246)	(2,246)	—	(2,246)
Cancellation of restricted common stock	—	—	(51)	—	—	(236)	(236)	—	(236)
Performance stock units	—	—	—	—	7	687	694	—	694
Amortization of deferred compensation	—	—	—	—	21	1,989	2,010	—	2,010
Allocation of partners' capital	2,228	—	—	—	(66)	(2,158)	(2,224)	—	(2,224)
Adjustment to record redeemable interests at redemption value	335	—	—	—	(3)	(330)	(333)	—	(333)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	7,859	7,859
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(2,906)	(2,906)
Balance, June 30, 2018	\$ 8,694	25,050	199,428	\$ 565,212	\$ 6,074	\$591,202	\$1,162,488	\$ 14,261	\$1,176,749

The accompanying notes are an integral part of these condensed consolidated statements.

CBL & Associates Limited Partnership
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (30,637)	\$ 109,145
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	145,316	153,729
Net amortization of deferred financing costs, debt premiums and discounts	3,593	2,126
Net amortization of intangible lease assets and liabilities	(1,436)	(883)
Gain on sales of real estate assets	(8,118)	(85,521)
(Gain) loss on investment	(387)	5,843
Write-off of development projects	339	5,019
Share-based compensation expense	3,398	3,324
Loss on impairment	70,044	46,466
Gain on extinguishment of debt	—	(24,475)
Equity in earnings of unconsolidated affiliates	(8,107)	(11,698)
Distributions of earnings from unconsolidated affiliates	9,663	9,641
Provision for doubtful accounts	2,786	2,374
Change in deferred tax accounts	(1,993)	3,750
Changes in:		
Tenant and other receivables	6,173	(3,098)
Other assets	(1,270)	(6,638)
Accounts payable and accrued liabilities	(9,483)	(3,769)
Net cash provided by operating activities	<u>179,881</u>	<u>205,335</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to real estate assets	(65,988)	(93,535)
Acquisition of real estate assets	(2,051)	(79,799)
Proceeds from sales of real estate assets	19,556	194,632
Payments received on mortgage and other notes receivable	516	1,190
Additional investments in and advances to unconsolidated affiliates	(1,529)	(4,853)
Distributions in excess of equity in earnings of unconsolidated affiliates	31,537	11,573
Changes in other assets	(4,878)	(11,203)
Net cash provided by (used in) investing activities	<u>(22,837)</u>	<u>18,005</u>

CBL & Associates Limited Partnership
Condensed Consolidated Statements of Cash Flows

(In thousands)
(Unaudited)
(Continued)

	Six Months Ended June 30,	
	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from mortgage and other indebtedness	\$ 202,160	\$ 494,103
Principal payments on mortgage and other indebtedness	(263,486)	(541,729)
Additions to deferred financing costs	(98)	(872)
Prepayment fees on extinguishment of debt	—	(8,500)
Proceeds from issuances of common units	78	102
Redemptions of common units	(2,246)	(530)
Contributions from noncontrolling interests	7,859	263
Payment of tax withholdings for restricted stock awards	(232)	(298)
Distributions to noncontrolling interests	(5,193)	(25,333)
Distributions to preferred unitholders	(22,446)	(22,446)
Distributions to common unitholders	(81,102)	(106,429)
Net cash used in financing activities	(164,706)	(211,669)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(7,662)	11,671
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of period	68,172	65,061
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period	\$ 60,510	\$ 76,732
Reconciliation from condensed consolidated statements of cash flows to condensed consolidated balance sheets:		
Cash and cash equivalents	\$ 23,427	\$ 29,622
Restricted cash (1):		
Restricted cash	5,829	2,012
Mortgage escrows	31,254	45,098
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period	\$ 60,510	\$ 76,732
SUPPLEMENTAL INFORMATION:		
Cash paid for interest, net of amounts capitalized	\$ 100,185	\$ 116,349

(1) Included in intangible lease assets and other assets in the condensed consolidated balance sheets.

The accompanying notes are an integral part of these condensed consolidated statements.

CBL & Associates Properties, Inc.
CBL & Associates Limited Partnership
Notes to Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per share and per unit data)

Note 1 – Organization and Basis of Presentation

Unless stated otherwise or the context otherwise requires, references to the "Company" mean CBL & Associates Properties, Inc. and its subsidiaries. References to the "Operating Partnership" mean CBL & Associates Limited Partnership and its subsidiaries.

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 and mixed-use centers, outlet centers, associated centers, community centers and office properties. Its properties are located in 26 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"), which is a variable interest entity ("VIE"). 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 VIE.

As of June 30, 2018, the Operating Partnership owned interests in the following properties:

	Other Properties				Total
	Malls (1)	Associated Centers	Community Centers	Office Buildings	
Consolidated properties	60	20	4	5 ⁽²⁾	89
Unconsolidated properties (3)	8	3	4	—	15
Total	68	23	8	5	104

(1) Category consists of regional malls, open-air centers and outlet centers (including one mixed-use center).

(2) Includes CBL's two corporate office buildings.

(3) The Operating Partnership accounts for these investments using the equity method because one or more of the other partners have substantive participating rights.

At June 30, 2018, the Operating Partnership had interests in the following properties under development:

	Consolidated Properties		Unconsolidated Properties	
	Malls	All Other	Malls	All Other
Development	—	—	—	3
Redevelopments	7	—	1	—

CBL is the 100% owner of two qualified REIT subsidiaries, CBL Holdings I, Inc. and CBL Holdings II, Inc. At June 30, 2018, CBL Holdings I, Inc., the sole general partner of the Operating Partnership, owned a 1.0% general partner interest in the Operating Partnership and CBL Holdings II, Inc. owned an 85.6% limited partner interest for a combined interest held by CBL of 86.6%.

The noncontrolling interest in the Operating Partnership is held by CBL & Associates, Inc., its shareholders and affiliates and certain senior officers of the Company (collectively "CBL's Predecessor"), all of which 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, and by various third parties. At June 30, 2018, CBL's Predecessor owned a 9.1% limited partner interest and third parties owned a 4.3% limited partner interest in the Operating Partnership. CBL's Predecessor also owned 4.1 million shares of CBL's common stock at June 30, 2018, for a total combined effective interest of 11.2% in the Operating Partnership.

The Operating Partnership conducts the Company's property management and development activities through its wholly owned subsidiary, CBL & Associates Management, Inc. (the "Management Company"), to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code").

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 ("SEC"). 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. All intercompany transactions have been eliminated. The results for the interim period ended June 30, 2018 are not necessarily indicative of the results to be obtained for the full fiscal year.

These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in its Annual Report on Form 10-K for the year ended December 31, 2017.

Reclassifications

Certain reclassifications have been made to amounts in the Company's prior-year financial statements to conform to the current period presentation. The Company reclassified certain amounts related to restricted cash in its condensed consolidated statements of cash flows for the six months ended June 30, 2017 upon the adoption of the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-18, *Restricted Cash* ("ASU 2016-18") in the fourth quarter of 2017, which required the change in restricted cash to be reported with cash and cash equivalents when reconciling beginning and ending amounts on the condensed consolidated statements of cash flows. The guidance was applied retrospectively to the prior period presented. As a result, restricted cash additions of \$6,315, previously included in cash flows from investing activities, were reclassified to cash flows from financing activities to reflect \$5,323 of principal payments on mortgage and other indebtedness and the remaining \$992 difference was reclassified to the beginning-of-period and end-of-period total amounts on the condensed consolidated statement of cash flows for the six months ended June 30, 2017.

Note 2 – Recent Accounting Pronouncements

Accounting Guidance Adopted

Description	Date Adopted & Application Method	Financial Statement Effect and Other Information
ASU 2014-09, <i>Revenue from Contracts with Customers</i> , and related subsequent amendments	January 1, 2018 - Modified Retrospective (applied to contracts not completed as of the implementation date)	The objective of this guidance is to enable financial statement users to better understand and analyze revenue by replacing transaction and industry-specific guidance with a more principles-based approach to revenue recognition. The core principle is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance also requires additional disclosure about the nature, timing and uncertainty of revenue and cash flows arising from customer contracts. The Company expects the adoption of the new guidance to be immaterial to its net income on an ongoing basis as the majority of the Company's revenues relate to leasing. See Note 3 for further details and the cumulative adjustment recorded.
ASU 2016-16, <i>Intra-Entity Transfers of Assets Other Than Inventory</i>	January 1, 2018 - Modified Retrospective	The guidance requires an entity to recognize the income tax consequences of intercompany sales or transfers of assets, other than inventory, when the sale or transfer occurs. The Company recorded a cumulative effect adjustment of \$11,433 to retained earnings as of January 1, 2018 related to certain 2017 asset sales from several of the Company's consolidated subsidiaries to the Management Company.
ASU 2017-05, <i>Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets</i>	January 1, 2018 - Modified Retrospective	This guidance applies to the partial sale or transfer of nonfinancial assets, including real estate assets, to unconsolidated joint ventures and requires 100% of the gain to be recognized for nonfinancial assets transferred to an unconsolidated joint venture and any noncontrolling interest received in such nonfinancial assets to be measured at fair value. See Note 3 for further details including the impact of adoption and the cumulative adjustment recorded.

Description	Date Adopted & Application Method	Financial Statement Effect and Other Information
ASU 2017-09, <i>Scope of Modification Accounting</i>	January 1, 2018 - Prospective	The guidance clarifies the types of changes to the terms or conditions of a share-based payment award to which an entity would be required to apply modification accounting. The guidance did not have a material impact on the Company's condensed consolidated financial statements.

Accounting Guidance Not Yet Effective

Description	Expected Adoption Date & Application Method	Financial Statement Effect and Other Information
ASU 2016-02, <i>Leases</i> , and related subsequent amendments	January 1, 2019 - Modified Retrospective (electing optional transition method to apply at adoption date and record cumulative-effect adjustment as of January 1, 2019)	<p>The objective of the leasing guidance is to increase transparency and comparability by recognizing lease assets and liabilities on the balance sheet and disclosing key information about leasing arrangements. Lessees will be required to recognize a right-of-use asset and corresponding lease liability on the balance sheet for all leases with terms greater than 12 months.</p> <p>The guidance applied by a lessor is substantially similar to existing GAAP and the Company expects substantially all leases will continue to be classified as operating leases under the new guidance. The Company expects to expense certain deferred lease costs due to the narrowed definition of indirect costs that may be capitalized. Of the \$1,456 in deferred lease costs recorded in 2017, approximately \$183 related to legal costs which would not be capitalized under the new guidance.</p> <p>The Company completed an inventory of its leases in which it is a lessee and expects to record right-of-use assets for ground leases. The Company has 12 ground lease arrangements in which it is the lessee for land. As of June 30, 2018, these ground leases have future contractual payments of approximately \$14,987 with maturity dates ranging from November 2021 to July 2089.</p> <p><u>Practical expedients and accounting policy elections:</u></p> <p>The Company plans to elect a package of practical expedients pursuant to which it will not reassess contracts to determine if they contain leases, will not reassess lease classification and will not reassess capitalization of initial direct costs related to expired or existing leases as of the adoption date. The Company also plans to use the land easements practical expedient and apply the short-term lease policy election to leases 12 months or less at inception.</p> <p>The Company expects to adopt the practical expedient which allows lessors to combine lease and non-lease components if certain conditions are met. The majority of the Company's revenues will continue to be classified as leasing revenues. However, under the new guidance when a non-lease component is predominant in an arrangement, the revenues related to that contract are to be classified and reported under ASC 606, <i>Revenue from Contracts with Customers</i> ("ASC 606"). The Company does have contracts with anchors which own their own buildings and primarily pay for non-lease components such as common area maintenance ("CAM") and utilities.</p> <p>The Company is assessing the potential impact the guidance may have on its condensed consolidated financial statements and related disclosures.</p>

ASU 2016-13, <i>Measurement of Credit Losses on Financial Instruments</i>	January 1, 2020 - Modified Retrospective	<p>The guidance replaces the current incurred loss impairment model, which reflects credit events, with a current expected credit loss model, which recognizes an allowance for credit losses based on an entity's estimate of contractual cash flows not expected to be collected.</p> <p>The Company is evaluating the impact that this update may have on its</p>
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Note 3 – Revenues

Adoption of ASU 2014-09, and all related subsequent amendments, and ASU 2017-05

The Company adopted ASC 606 (which includes ASU 2014-09 and all related subsequent amendments) on January 1, 2018 and applied the guidance to contracts that were not complete as of January 1, 2018. The cumulative effect of adopting ASC 606 included an opening adjustment of \$196 to retained earnings as of January 1, 2018 in the accounts noted below. Historical amounts for prior periods were not adjusted and will continue to be reported using the guidance in ASC 605, *Revenue Recognition*.

Sales of real estate assets are accounted for under ASC 610-20, *Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets*, which provides for revenue recognition based on the transfer of control. There should be no change in revenue recognition for sales in which the Company has no continuing involvement. ASU 2017-05 addresses revenue recognition related to property sales in which the Company has continuing involvement and may require full gain recognition.

In its adoption of ASU 2017-05, the Company identified one unconsolidated affiliate, CBL/T-C, LLC, in which the Company recorded a partial sale of real estate assets in 2011, and recorded a cumulative effect adjustment that represents a gain of \$57,850 as of January 1, 2018. Additionally, in conjunction with the transfer of land in the formation of a new joint venture in 2017, the Company recorded \$901 related to this transaction as a cumulative effect adjustment as of January 1, 2018.

See [Note 2](#) for additional information about these accounting standards.

Contract Balances

A summary of the Company's contract assets activity during the six months ended June 30, 2018 is presented below:

	Contract Assets	
Balance as of January 1, 2018 (1)	\$	460
Tenant openings		(151)
Executed leases		212
Balance as of June 30, 2018	\$	521

(1) In conjunction with the initial entry to record contract assets, \$166 was also recorded in investments in unconsolidated affiliates in the condensed consolidated balance sheets to eliminate the Company's portion related to two unconsolidated affiliates.

There was no change to the \$98 contract liability, recorded on January 1, 2018, during the six months ended June 30, 2018.

The Company has the following contract balances as of June 30, 2018:

Description	Financial Statement Line Item	As of June 30, 2018	Expected Settlement Period		
			2018	2019	2023
Contract assets (1)	Management, development and leasing fees	\$ 521	\$ (366)	\$ (151)	\$ (4)
Contract liability (2)	Other rents	98	(49)	(49)	—

(1) Represents leasing fees recognized as revenue under third party and unconsolidated affiliates' contracts in which the remaining 50% of the commissions will be paid when the tenant opens. The tenant typically opens within a year, unless the project is in development.

(2) Relates to a contract in which the Company received advance payments in the initial year of the multi-year contract.

Revenues

Sales taxes are excluded from revenues. The following table presents the Company's revenues disaggregated by revenue source:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
Leasing revenues (1)	\$ 209,745	\$ 424,771
Revenues from contracts with customers (ASC 606):		
Management, development and leasing fees (2)	2,643	5,364
Marketing revenues (3)	919	2,250
	3,562	7,614
Other revenues	1,291	2,413
Total revenues	\$ 214,598	\$ 434,798

(1) Revenues from leases are accounted for in accordance with ASC 840, *Leases*.

(2) Included in All Other segment.

(3) Includes \$917 in the Malls segment and \$2 in the All Other segment for the three months ended June 30, 2018. Includes \$2,243 in the Malls segment and \$7 in the All Other segment for the six months ended June 30, 2018. See [Note 9](#) for information on the Company's segments.

Leasing Revenues

The majority of the Company's revenues are earned through the lease of space at its properties. Lease revenues include minimum rent, percentage rent, other rents and reimbursements from tenants for real estate taxes, insurance, CAM and other operating expenses as provided in the lease agreements.

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

The Company receives reimbursements from tenants for real estate taxes, insurance, CAM and other recoverable operating expenses as provided in the lease agreements. Tenant reimbursements are recognized when earned in accordance with the tenant lease agreements. Tenant reimbursements related to certain capital expenditures are billed to tenants over periods of 5 to 15 years and are recognized as revenue in accordance with the underlying lease terms.

Revenue from Contracts with Customers

The Company earns revenue from contracts with third parties and unconsolidated affiliates for property management, leasing, development and other services. These contracts are accounted for on a month-to-month basis if the agreement does not contain substantive penalties for termination. The majority of the Company's contracts with customers are accounted for on a month-to-month basis. The standalone selling price of each performance obligation is determined based on the terms of the contract, which typically assign a price to each performance obligation that directly relates to the value the customer receives for the services being provided. These contracts generally are for the following:

- Management fees - Management fees are charged as a percentage of revenues (as defined in the contract) and recognized as revenue over time as services are provided.
- Leasing fees - Leasing fees are charged for newly executed leases and lease renewals and are recognized as revenue upon lease execution, when the performance obligation is completed. In cases for which the agreement specifies 50% of the leasing commission will be paid upon lease execution with the remainder paid when the tenant opens, the Company estimates the amount of variable consideration it expects to receive by evaluating the likelihood of tenant openings using the most likely amount method and records the amount as an unbilled receivable (contract asset).

- Development fees - Development fees may be either set as a fixed rate in a separate agreement or be a variable rate based on a percentage of work costs. Variable consideration related to development fees is generally recognized over time using the cost-to-cost method of measurement because it most accurately depicts the Company's performance in satisfying the performance obligation. Contract estimates are based on various assumptions including the cost and availability of materials, anticipated performance and the complexity of the work to be performed. The cumulative catch-up method is used to recognize any adjustments in variable consideration estimates. Under this method, any adjustment is recognized in the period it is identified.

Development and leasing fees received from an unconsolidated affiliate are recognized as revenue only to the extent of the third-party partner's ownership interest. Such fees are recorded as a reduction to the Company's investment in the unconsolidated affiliate.

The Company also earns marketing revenues from advertising and sponsorship agreements. These fees may be for tangible items in which the Company provides advertising services and creates signs and other promotional materials for the tenant or may be arrangements in which the customer sponsors a play area or event and receives specified brand recognition and other benefits over a set period of time. Revenue related to advertising services is recognized as goods and services are provided to the customer. Sponsorship revenue is recognized on a straight-line basis over the time period specified in the contract.

A performance obligation is a promise in a contract to transfer a distinct good or service to a customer. If the contract does not specify the revenue by performance obligation, the Company allocates the transaction price to each performance obligation based on its relative standalone selling price. Such prices are generally determined using prices charged to customers or using the Company's expected cost plus margin. Revenue is recognized as the Company's performance obligations are satisfied over time, as services are provided, or at a point in time, such as leasing a space to earn a commission. Open performance obligations are those in which the Company has not fully or has partially provided the applicable good or services to the customer as specified in the contract. If consideration is received in advance of the Company's performance, including amounts which are refundable, recognition of revenue is deferred until the performance obligation is satisfied or amounts are no longer refundable.

Practical Expedients

The Company does not disclose the value of open performance obligations for (1) contracts with an original expected duration of one year or less and (2) contracts for which the Company recognizes revenue at the amount to which the Company has the right to invoice, which primarily relate to services performed for management, leasing and development activities, as described above.

Outstanding Performance Obligations

As of June 30, 2018 the Company had no outstanding performance obligations related to contracts with customers.

Note 4 – Fair Value Measurements

The Company has categorized its financial assets and financial liabilities that are recorded at fair value into a hierarchy in accordance with ASC 820, *Fair Value Measurements and Disclosure*, ("ASC 820") 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 asset or liability's fair value within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Under ASC 820, fair value measurements are determined based on the assumptions that market participants would use in pricing the asset or liability in an orderly transaction at the measurement date and under current market conditions. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs and consider assumptions such as inherent risk, transfer restrictions and risk of nonperformance.

Fair Value Measurements on a Recurring Basis

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 and other notes receivable is a reasonable estimate of fair value. The estimated fair value of mortgage and other indebtedness was \$4,007,245 and \$4,199,357 at June 30, 2018 and December 31, 2017, respectively. The fair value was calculated using Level 2 inputs by discounting future cash flows for mortgage and other indebtedness using estimated market rates at which similar loans would be made currently.

Fair Value Measurements on a Nonrecurring Basis

The Company measures the fair value of certain long-lived assets on a nonrecurring basis, through quarterly impairment testing or when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The Company considers both quantitative and qualitative factors in its impairment analysis of long-lived assets. Significant quantitative factors include historical and forecasted information for each property such as net operating income ("NOI"), occupancy statistics and sales levels. Significant qualitative factors used include market conditions, age and condition of the property and tenant mix. Due to the significant unobservable estimates and assumptions used in the valuation of long-lived assets that experience impairment, the Company classifies such long-lived assets under Level 3 in the fair value hierarchy. Level 3 inputs primarily consist of sales and market data, independent valuations and discounted cash flow models.

Long-lived Assets Measured at Fair Value in 2018

The following table sets forth information regarding the Company's assets that are measured at fair value on a nonrecurring basis and related impairment charges for the six months ended June 30, 2018:

	Fair Value Measurements at Reporting Date Using				Total Loss on Impairment
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Long-lived assets	\$ 51,640	\$ —	\$ —	\$ 51,640	\$ 70,044

During the six months ended June 30, 2018, the Company recognized an impairment of real estate of \$70,044 related to two malls:

Impairment Date	Property	Location	Segment Classification	Loss on Impairment	Fair Value
March	Janesville Mall (1)	Janesville, WI	Malls	\$ 18,061	\$ 17,640
June	Cary Towne Center (2)	Cary, NC	Malls	51,983	34,000
				\$ 70,044	\$ 51,640

- (1) The Company adjusted the book value of the mall to its estimated fair value based upon a net sales price of \$17,640 in a signed contract with a third party buyer, adjusted to reflect estimated disposition costs. The mall was classified as held for sale as of June 30, 2018 and was subsequently sold in July 2018. See [Note 5](#) and [Note 14](#) for additional information.
- (2) In June 2018, the Company was notified by IKEA that, as a result of a shift in its corporate strategy, it was terminating the contract to purchase land at the mall upon which it would develop and open a store. Under the terms of the interest-only non-recourse loan secured by the mall, the loan matures on the date the IKEA contract terminates if that date is prior to the scheduled maturity date of March 5, 2019. The Company engaged in conversations with the lender regarding a potential restructure of the loan. Based on the results of these conversations, the Company concluded that an impairment was required because it was unlikely to recover the asset's net carrying value through future cash flows. Management determined the fair value of Cary Towne Center using a discounted cash flow methodology. The discounted cash flow used assumptions including a 10-year holding period, a capitalization rate of 12.0% and a discount rate of 13%. See [Note 7](#) for information related to the mortgage loan.

Long-lived Assets Measured at Fair Value in 2017

The following table sets forth information regarding the Company's assets, which are included in the Company's condensed consolidated balance sheets as of June 30, 2018, that were measured at fair value on a nonrecurring basis and related impairment charges for the year ended December 31, 2017:

	Total	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Long-lived assets	\$ 81,350	\$ —	\$ —	\$ 81,350

During the year ended December 31, 2017, the Company wrote down the book value of the following properties:

Impairment Date	Property	Location	Segment Classification	Loss on Impairment	Fair Value
June	Acadiana Mall (1)	Lafayette, LA	Malls	\$ 43,007	\$ 67,300
September	Hickory Point Mall (2)	Forsyth, IL	Malls	24,525	14,050
				\$ 67,532	\$ 81,350

- Acadiana Mall - In accordance with the Company's quarterly impairment review process, the Company wrote down the book value of the mall to its estimated fair value of \$67,300. Management determined the fair value of Acadiana Mall using a discounted cash flow methodology. The discounted cash flow used assumptions including a holding period of 10 years, with a sale at the end of the holding period, a capitalization rate of 15.5% and a discount rate of 15.75%. The mall has experienced declining tenant sales and cash flows as a result of the downturn of the economy in its market area and was also impacted by an anchor's announcement in the second quarter 2017 that it would close its store later in 2017. The loan secured by Acadiana Mall matured in April 2017 and is in default.
- Hickory Point Mall - In accordance with the Company's quarterly impairment review process, the Company wrote down the book value of the mall to its estimated fair value of \$14,050. Management determined the fair value of Hickory Point Mall using a discounted cash flow methodology. The discounted cash flow used assumptions including a holding period of 10 years, with a sale at the end of the holding period, a capitalization rate of 18.0% and a discount rate of 19.0%.

Note 5 – Dispositions and Held for Sale

The Company evaluates its disposals utilizing the guidance in ASU 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. Based on its analysis, the Company determined that the dispositions described below do not meet the criteria for classification as discontinued operations and are not considered to be significant disposals based on its quantitative and qualitative evaluation. Thus, the results of operations of the properties described below, as well as any related gains, are included in net income for all periods presented, as applicable.

2018 Dispositions

Net proceeds realized from the 2018 disposition listed below were used to reduce the outstanding balances on the Company's credit facilities. The following is a summary of the Company's 2018 disposition:

Sales Date	Property	Property Type	Location	Sales Price		Gain
				Gross	Net	
March	Gulf Coast Town Center - Phase III	All Other	Ft. Myers, FL	\$ 9,000	\$ 8,769	\$ 2,236

The Company also realized a gain of \$5,882 primarily related to the sale of five outparcels and proceeds from several outparcels taken through eminent domain proceedings during the six months ended June 30, 2018.

2018 Held for Sale

Janesville Mall was classified as held for sale at June 30, 2018 and the \$17,412 on the condensed consolidated balance sheets represents the Company's related net investment in real estate assets at June 30, 2018, which approximates 0.3% of the Company's total assets as of June 30, 2018. There are no other material assets or liabilities associated with this mall. The mall was sold subsequent to June 30, 2018. See [Note 14](#) for additional information.

Note 6 – Unconsolidated Affiliates and Noncontrolling Interests

Unconsolidated Affiliates

Although the Company had majority ownership of certain joint ventures during 2018 and 2017, it evaluated the investments and concluded that the other partners or owners in these joint ventures had 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;
- 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.

At June 30, 2018, the Company had investments in 18 entities, which are accounted for using the equity method of accounting. The Company's ownership interest in these unconsolidated affiliates ranges from 10.0% to 65.0%. Of these entities, 13 are owned in 50/50 joint ventures.

Self Storage at Mid Rivers, LLC

In April 2018, the Company entered into a 50/50 joint venture, Self Storage at Mid Rivers, LLC, to develop a self-storage facility adjacent to Mid Rivers Mall. The Company recorded a \$387 gain on investment related to land which it contributed to the joint venture. The unconsolidated affiliate is a VIE. See additional information in *Variable Interest Entities* below. In conjunction with the formation of the joint venture, the unconsolidated affiliate closed on a construction loan. See details below under *2018 Financings*.

Condensed Combined Financial Statements - Unconsolidated Affiliates

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

	June 30, 2018	December 31, 2017
ASSETS		
Investment in real estate assets	\$ 2,096,677	\$ 2,089,262
Accumulated depreciation	(650,239)	(618,922)
	<u>1,446,438</u>	<u>1,470,340</u>
Developments in progress	67,143	36,765
Net investment in real estate assets	1,513,581	1,507,105
Other assets	195,749	201,114
Total assets	<u>\$ 1,709,330</u>	<u>\$ 1,708,219</u>

	June 30, 2018	December 31, 2017
LIABILITIES		
Mortgage and other indebtedness, net	\$ 1,312,520	\$ 1,248,817
Other liabilities	45,920	41,291
Total liabilities	<u>1,358,440</u>	<u>1,290,108</u>
OWNERS' EQUITY		
The Company	185,687	216,292
Other investors	165,203	201,819
Total owners' equity	<u>350,890</u>	<u>418,111</u>
Total liabilities and owners' equity	<u>\$ 1,709,330</u>	<u>\$ 1,708,219</u>

	Total for the Three Months Ended June 30,	
	2018	2017
Total revenues	\$ 55,083	\$ 58,156
Depreciation and amortization	(19,525)	(19,496)
Interest income	351	430
Interest expense	(13,019)	(13,146)
Operating expenses	<u>(16,831)</u>	<u>(16,639)</u>
Income from continuing operations before gain (loss) on sales of real estate assets	6,059	9,305
Gain (loss) on sales of real estate assets	1,183	(6)
Net income (1)	<u>\$ 7,242</u>	<u>\$ 9,299</u>

(1) The Company's share of net income is \$4,368 and \$6,325 for the three months ended June 30, 2018 and 2017, respectively.

	Total for the Six Months Ended June 30,	
	2018	2017
Total revenues	\$ 112,264	\$ 117,855
Depreciation and amortization	(39,312)	(40,125)
Interest income	704	830
Interest expense	(25,477)	(25,984)
Operating expenses	<u>(36,811)</u>	<u>(35,387)</u>
Income from continuing operations before gain (loss) on sales of real estate assets	11,368	17,189
Gain (loss) on sales of real estate assets	1,183	(77)
Net income (1)	<u>\$ 12,551</u>	<u>\$ 17,112</u>

(1) The Company's share of net income is \$8,107 and \$11,698 for the six months ended June 30, 2018 and 2017, respectively.

Financings - Unconsolidated Affiliates

All of the debt on the properties owned by the unconsolidated affiliates is non-recourse, except for debt secured by Ambassador Infrastructure, Hammock Landing, The Pavilion at Port Orange, The Shoppes at Eagle Point and the self-storage developments adjacent to EastGate Mall and Mid Rivers Mall. See [Note 11](#) for a description of guarantees the Operating Partnership has issued related to these unconsolidated affiliates.

2018 Financings

The Company's unconsolidated affiliates had the following loan activity in 2018:

Date	Property	Stated Interest Rate	Maturity Date	Amount Financed or Extended
April	CoolSprings Galleria (1)	4.839%	May 2028	\$ 155,000
April	Self-storage development - Mid Rivers Mall (2)	LIBOR + 2.75%	April 2023	5,987
May	Hammock Landing - Phase I	LIBOR + 2.25%	February 2021 (3)	41,997
May	Hammock Landing - Phase II	LIBOR + 2.25%	February 2021 (3)	16,217
May	The Pavilion at Port Orange	LIBOR + 2.25%	February 2021 (3)	56,738

- (1) CBL/T-C, LLC, a 50/50 joint venture, closed on a non-recourse loan. Proceeds from the loan were used to retire a \$97,732 loan, which was due to mature in June 2018. See *2018 Loan Repayment* below for more information. The Company's share of excess proceeds were used to reduce outstanding balances on its credit facilities.
- (2) Self Storage at Mid Rivers, LLC, a 50/50 joint venture, closed on a construction loan with a total borrowing capacity of up to \$5,987 for the development of a climate controlled self-storage facility adjacent to Mid Rivers Mall in St. Peters, MO. The Operating Partnership has guaranteed 100% of the loan. See [Note 11](#) for more information.
- (3) The loans were amended to extend the maturity dates to February 2021. Each loan has two one-year extension options for an outside maturity date of February 2023. The interest rate increased from a variable rate of LIBOR plus 2.0%. The Operating Partnership's guaranty also increased to 50%.

2018 Loan Repayment

The loan, secured by the related unconsolidated property, was retired in 2018:

Date	Property	Interest Rate at Repayment Date	Scheduled Maturity Date	Principal Balance Repaid
April	CoolSprings Galleria (1)	6.98%	June 2018	\$ 97,732

- (1) The loan secured by the property was retired using a portion of the net proceeds from a \$155,000 fixed-rate loan. See *2018 Financings* above for more information.

Noncontrolling Interests

Noncontrolling interests consist of the following:

	As of	
	June 30, 2018	December 31, 2017
Noncontrolling interests:		
Operating Partnership	\$ 74,241	\$ 86,773
Other consolidated subsidiaries	14,261	9,701
	<u>\$ 88,502</u>	<u>\$ 96,474</u>

Common Unit Activity

In the second quarter of 2018, the Operating Partnership elected to pay cash of \$2,246 to two holders of 526,510 common units of limited partnership interest in the Operating Partnership upon the exercise of their conversion rights.

In the first quarter of 2018, the Company issued 915,338 shares of common stock to a holder of 915,338 common units of limited partnership interest in the Operating Partnership in connection with the exercise of the holder's contractual exchange rights.

Variable Interest Entities

In accordance with the guidance in ASU 2015-02, *Amendments to the Consolidation Analysis*, and ASU 2016-17, *Interests Held Through Related Parties That Are under Common Control*, the Operating Partnership and certain of its subsidiaries are deemed to have the characteristics of a VIE primarily because the limited partners of these entities do not collectively possess substantive kick-out or participating rights.

The Company consolidates the Operating Partnership, which is a VIE, for which the Company is the primary beneficiary. The Company, through the Operating Partnership, consolidates all VIEs for which it is the primary beneficiary. Generally, a VIE is a legal entity in which the equity investors do not have the characteristics of a controlling financial interest or the equity investors lack sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. A limited partnership is considered a VIE when the majority of the limited partners unrelated to the general partner possess neither the right to remove the general partner without cause, nor certain rights to participate in the decisions that most significantly affect the financial results of the partnership. In determining whether the Company is the primary beneficiary of a VIE, the Company considers qualitative and quantitative factors, including, but not limited to: which activities most significantly impact the VIE's economic performance and which party controls such activities; the amount and characteristics of the Company's investment; the obligation or likelihood for the Company or other investors to provide financial support; and the similarity with and significance to the Company's business activities and the business activities of the other investors.

Consolidated VIEs

As of June 30, 2018, the Company had investments in 19 consolidated VIEs with ownership interests ranging from 50% to 95%.

Jarnigan Road II, LLC was wholly-owned by Jarnigan Road LP. During the quarter ended June 30, 2018, its ownership was restructured such that it became a wholly-owned subsidiary of the Management Company and is now a separate reportable VIE.

Unconsolidated VIEs

The table below lists the Company's unconsolidated VIEs as of June 30, 2018:

	Investment in Real Estate Joint Ventures and Partnerships	Maximum Risk of Loss
Ambassador Infrastructure, LLC (1)	\$ —	\$ 10,605
EastGate Storage, LLC (1)	1,205	6,500
G&I VIII CBL Triangle LLC	1,158	1,158
Self Storage at Mid Rivers, LLC (1) (2)	985	5,987
Shoppes at Eagle Point, LLC (1)	16,679	36,400

(1) The debt is guaranteed by the Operating Partnership at 100%. See [Note 11](#) for more information.

(2) See above for additional information on this new unconsolidated affiliate.

Note 7 – Mortgage and Other Indebtedness, Net

Debt of the Company

CBL has no indebtedness. Either the Operating Partnership or one of its consolidated subsidiaries, that it has a direct or indirect ownership interest in, is the borrower on all of the Company's debt. CBL is a limited guarantor of the Senior Unsecured Notes (the "Notes"), as described below, for losses suffered solely by reason of fraud or willful misrepresentation by the Operating Partnership or its affiliates.

The Company also provides a similar limited guarantee of the Operating Partnership's obligations with respect to its unsecured credit facilities and three unsecured term loans as of June 30, 2018.

Debt of the Operating Partnership

Net mortgage and other indebtedness consisted of the following:

	June 30, 2018		December 31, 2017	
	Amount	Weighted-Average Interest Rate (1)	Amount	Weighted-Average Interest Rate (1)
Fixed-rate debt:				
Non-recourse loans on operating properties	\$ 1,736,299	5.32%	\$ 1,796,203	5.33%
Senior unsecured notes due 2023 (2)	447,196	5.25%	446,976	5.25%
Senior unsecured notes due 2024 (3)	299,949	4.60%	299,946	4.60%
Senior unsecured notes due 2026 (4)	616,236	5.95%	615,848	5.95%
Total fixed-rate debt	3,099,680	5.37%	3,158,973	5.37%
Variable-rate debt:				
Non-recourse loan on operating property	10,774	4.24%	10,836	3.37%
Recourse loans on operating properties	80,790	4.61%	101,187	4.00%
Unsecured lines of credit	112,625	3.18%	93,787	2.56%
Unsecured term loans	885,000	3.43%	885,000	2.81%
Total variable-rate debt	1,089,189	3.50%	1,090,810	2.90%
Total fixed-rate and variable-rate debt	4,188,869	4.88%	4,249,783	4.74%
Unamortized deferred financing costs	(16,516)		(18,938)	
Total mortgage and other indebtedness, net	\$ 4,172,353		\$ 4,230,845	

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

(2) The balance is net of an unamortized discount of \$2,804 and \$3,024 as of June 30, 2018 and December 31, 2017, respectively.

(3) The balance is net of an unamortized discount of \$51 and \$54 as of June 30, 2018 and December 31, 2017, respectively.

(4) The balance is net of an unamortized discount of \$8,764 and \$9,152 as of June 30, 2018 and December 31, 2017, respectively.

Senior Unsecured Notes

Description	Issued (1)	Amount	Interest Rate (2)	Maturity Date (3)
2023 Notes	November 2013	\$ 450,000	5.25%	December 2023
2024 Notes	October 2014	300,000	4.60%	October 2024
2026 Notes	December 2016 / September 2017	625,000	5.95%	December 2026

(1) Issued by the Operating Partnership. CBL is a limited guarantor of the Operating Partnership's obligations under the Notes as described above.

(2) Interest is payable semiannually in arrears. The interest rate for the 2024 Notes and the 2023 Notes is subject to an increase ranging from 0.25% to 1.00% from time to time if, on or after January 1, 2016 and prior to January 1, 2020, the ratio of secured debt to total assets of the Company, as defined, is greater than 40% but less than 45%. The required ratio of secured debt to total assets for the 2026 Notes is 40% or less. As of June 30, 2018, this ratio was 23% as shown below.

(3) The Notes are redeemable at the Operating Partnership's election, in whole or in part from time to time, on not less than 30 days and not more than 60 days' notice to the holders of the Notes to be redeemed. The 2026 Notes, the 2024 Notes and the 2023 Notes may be redeemed prior to September 15, 2026, July 15, 2024, and September 1, 2023, respectively, for cash at a redemption price equal to the aggregate principal amount of the Notes to be redeemed, plus accrued and unpaid interest to, but not including, the redemption date and a make-whole premium calculated in accordance with the indenture. On or after the respective dates noted above, the Notes are redeemable for cash at a redemption price equal to the aggregate principal amount of the Notes to be redeemed plus accrued and unpaid interest. If redeemed prior to the respective dates noted above, each issuance of Notes is redeemable at the treasury rate plus 0.50%, 0.35% and 0.40% for the 2026 Notes, the 2024 Notes and the 2023 Notes, respectively.

Unsecured Lines of Credit

The Company has three unsecured credit facilities that are used for retirement of secured loans, repayment of term loans, working capital, construction and acquisition purposes, as well as issuances of letters of credit.

Each facility bears interest at LIBOR plus a spread of 0.875% to 1.550% based on the credit ratings for the Operating Partnership's senior unsecured long-term indebtedness. As of June 30, 2018, the Operating Partnership's interest rate based on the credit ratings of its unsecured long-term indebtedness of Ba1 from Moody's Investors Service ("Moody's"), BBB- from Standard & Poor's ("S&P") and BB+ from Fitch Ratings ("Fitch") is LIBOR plus 1.200%. Additionally, the Company pays an annual facility fee that ranges from 0.125% to 0.300% of the total capacity of each facility based on the credit ratings described above. As of June 30, 2018, the annual facility fee was 0.25%. The three unsecured lines of credit had a weighted-average interest rate of 3.18% at June 30, 2018.

See [Note 14](#) for a change in the S&P rating made subsequent to June 30, 2018 which impacts the interest rate on the Company's unsecured credit facilities.

The following summarizes certain information about the Company's unsecured lines of credit as of June 30, 2018:

	Total Capacity	Total Outstanding	Maturity Date	Extended Maturity Date
Wells Fargo - Facility A	\$ 500,000 (1)	\$ —	October 2019	October 2020 (2)
First Tennessee	100,000 (3)	56,606	October 2019	October 2020 (4)
Wells Fargo - Facility B	500,000 (1)	56,019 (5)	October 2020	
	<u>\$ 1,100,000 (6)</u>	<u>\$ 112,625</u>		

- (1) Up to \$30,000 of the capacity on this facility can be used for letters of credit.
- (2) The extension option is at the Company's election, subject to continued compliance with the terms of the facility, and has a one-time extension fee of 0.15% of the commitment amount of the credit facility.
- (3) Up to \$20,000 of the capacity on this facility can be used for letters of credit.
- (4) The extension option on the facility is at the Company's election, subject to continued compliance with the terms of the facility, and has a one-time extension fee of 0.20% of the commitment amount of the credit facility.
- (5) There was \$4,833 outstanding on this facility as of June 30, 2018 for letters of credit.
- (6) See debt covenant section below for limitation on excess capacity.

Unsecured Term Loans

The Company has a \$350,000 unsecured term loan, which bears interest at a variable rate of LIBOR plus 1.35% based on the credit ratings for the Operating Partnership's senior unsecured long-term indebtedness. The loan has a maturity date of October 2018 and has a one-year extension option, subject to continued compliance with the terms of the loan agreement, for an outside maturity date of October 2019. At June 30, 2018, the outstanding borrowings of \$350,000 had an interest rate of 3.33%.

The Company has a \$490,000 unsecured term loan, which bears interest at a variable rate of LIBOR plus 1.50% based on the credit ratings for the Operating Partnership's senior unsecured long-term indebtedness. In July 2018, the principal balance will be reduced to \$300,000. The loan matures in July 2020 and has two one-year extension options, the second of which is at the lenders' discretion, for a July 2022 extended maturity date. At June 30, 2018, the outstanding borrowings of \$490,000 had an interest rate of 3.48%.

The Company has a \$45,000 unsecured term loan, which bears interest at a variable rate of LIBOR plus 1.65%. The loan matures in June 2021 and has a one-year extension option at the Company's election, subject to continued compliance with the terms of the loan agreement, for an outside maturity date of June 2022. At June 30, 2018, the outstanding borrowings of \$45,000 had an interest rate of 3.63%.

Subsequent to June 30, 2018, the Company paid down a portion of the \$490,000 unsecured term loan. See [Note 14](#) for more information.

See [Note 14](#) for a change in the S&P rating made subsequent to June 30, 2018 which impacts the interest rate on two of the Company's unsecured term loans.

Financial Covenants and Restrictions

The agreements for the unsecured lines of credit, the Notes and unsecured term loans contain, among other restrictions, certain financial covenants including the maintenance of certain financial coverage ratios, minimum unencumbered asset and interest ratios, maximum secured indebtedness ratios, maximum total indebtedness ratios and limitations on cash flow distributions. The Company believes that it was in compliance with all financial covenants and restrictions at June 30, 2018.

Unsecured Lines of Credit and Unsecured Term Loans

The following presents the Company's compliance with key covenant ratios, as defined, of the credit facilities and term loans as of June 30, 2018:

Ratio	Required	Actual
Debt to total asset value	< 60%	52%
Unsecured indebtedness to unencumbered asset value	< 60%	49% (1)
Unencumbered NOI to unsecured interest expense	> 1.75x	2.9x
EBITDA to fixed charges (debt service)	> 1.5x	2.3x

- (1) The debt covenant limits the total amount of unsecured indebtedness the Company may have outstanding, which varies over time based on the ratio. Based on the Company's outstanding unsecured indebtedness as of June 30, 2018, the total amount available to the Company on its lines of credit was \$667,799. Therefore, the Company had additional availability of \$550,341 based on the outstanding balances of the lines of credit as of June 30, 2018.

The agreements for the unsecured credit facilities and unsecured term loans described above contain default provisions customary for transactions of this nature (with applicable customary grace periods). Additionally, any default in the payment of any recourse indebtedness greater than or equal to \$50,000 or any non-recourse indebtedness greater than \$150,000 (for the Company's ownership share) of CBL, the Operating Partnership or any Subsidiary, as defined, will constitute an event of default under the agreements to the credit facilities. The credit facilities also restrict the Company's ability to enter into any transaction that could result in certain changes in its ownership or structure as described under the heading "Change of Control/Change in Management" in the agreements for the credit facilities.

Senior Unsecured Notes

The following presents the Company's compliance with key covenant ratios, as defined, of the Notes as of June 30, 2018:

Ratio	Required	Actual
Total debt to total assets	< 60%	52%
Secured debt to total assets	< 45% (1)	23%
Total unencumbered assets to unsecured debt	> 150%	214%
Consolidated income available for debt service to annual debt service charge	> 1.5x	2.9x

- (1) On January 1, 2020 and thereafter, secured debt to total assets must be less than 40% for the 2023 Notes and the 2024 Notes. The required ratio of secured debt to total assets for the 2026 Notes is 40% or less.

The agreements for the Notes described above contain default provisions customary for transactions of this nature (with applicable customary grace periods). Additionally, any default in the payment of any recourse indebtedness greater than or equal to \$50,000 of the Operating Partnership will constitute an event of default under the Notes.

Mortgages on Operating Properties

2018 Financings

In March 2018, the Company exercised an option to extend the loan secured by Statesboro Crossing to June 2019. In April 2018, the Company further extended the loan secured by Phase II of The Outlet Shoppes at El Paso to July 2018. Subsequent to June 30, 2018, the Company extended this operating property loan. See [Note 14](#) for additional information.

2018 Loan Repayment

The Company repaid the following loan, secured by the related consolidated Property, in 2018 with borrowings from its credit facilities:

Date	Property	Interest Rate at Repayment Date	Scheduled Maturity Date	Principal Balance Repaid
January	Kirkwood Mall	5.75%	April 2018	\$ 37,295

Other

On June 4, 2018, the Company was notified by IKEA that, as a result of a shift in its corporate strategy, it was terminating the contract to purchase land at Cary Towne Center, upon which it would develop and open a store. In accordance with the terms of the \$46,716 interest-only non-recourse loan that is secured by the mall, the loan matured on the date of the IKEA contract termination and is in default as of June 30, 2018. Subsequent to June 30, 2018, the Company and the lender executed a forbearance agreement. See [Note 4](#) for information on the loss on impairment of real estate that the Company recorded in June 2018.

Scheduled Principal Payments

As of June 30, 2018, the scheduled principal amortization and balloon 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:

2018	\$ 644,007
2019	305,957
2020	563,087
2021	498,168
2022	431,331
Thereafter	1,635,795
	<u>4,078,345</u>
Unamortized discounts	(11,619)
Unamortized deferred financing costs	(16,516)
Principal balance of loan secured by Lender Mall in foreclosure (1)	122,143
Total mortgage and other indebtedness, net	<u>\$ 4,172,353</u>

(1) Represents the principal balance of the non-recourse loan, secured by Acadiana Mall, which is in default. The loan matured in 2017.

Of the \$644,007 of scheduled principal payments in 2018, \$80,709 relates to the maturing principal balance of three operating property loans, \$540,000 represents the aggregate principal balance due in 2018 of two unsecured term loans (the \$350,000 unsecured term loan and \$190,000 of the \$490,000 unsecured term loan) and \$23,298 relates to scheduled principal amortization. Subsequent to June 30, 2018, the Company repaid \$190,000 of the unsecured term loan. See [Note 14](#) for details. The Company also entered into a forbearance agreement with the lender on the loan secured by Cary Towne Center subsequent to June 30, 2018. Of the operating property loans with 2018 maturity dates, one of the loans, which is scheduled to mature in December 2018, has a December 2019 extension option.

The Company is in the process of refinancing its \$350,000 unsecured term loan, which matures in October 2018 and has an October 2019 extension option, as well as its unsecured credit facilities totaling \$1,100,000 in capacity, which mature in October 2020. Based on preliminary discussions with the lenders, there is a high likelihood the term loan and credit facilities will be collateralized to allow financial and operational flexibility.

The Company's mortgage and other indebtedness had a weighted-average maturity of 3.9 years as of June 30, 2018 and 4.4 years as of December 31, 2017.

Note 8 – Mortgage and Other Notes Receivable

Each of the Company's mortgage notes receivable is collateralized by either a first mortgage, a second mortgage, or by an assignment of 100% of the partnership interests that own the real estate assets. Other notes receivable include amounts due from tenants or government-sponsored districts and unsecured notes received from third parties as whole or partial consideration for property or investments.

Mortgage and other notes receivable consist of the following:

	Maturity Date	As of June 30, 2018		As of December 31, 2017	
		Interest Rate	Balance	Interest Rate	Balance
Mortgages:					
Columbia Place Outparcel	Feb 2022	5.00%	\$ 293	5.00%	\$ 302
One Park Place	May 2022	5.00%	890	5.00%	1,010
Village Square (1)	Sep 2018	4.00%	1,569	4.00%	1,596
Other (2)	Dec 2016 - Jan 2047	4.60% - 9.50%	2,510	4.07% - 9.50%	2,510
			<u>5,262</u>		<u>5,418</u>
Other Notes Receivable:					
ERMC	Sep 2021	4.00%	2,523	4.00%	2,855
Southwest Theaters LLC	Apr 2026	5.00%	644	5.00%	672
			<u>3,167</u>		<u>3,527</u>
			<u>\$ 8,429</u>		<u>\$ 8,945</u>

(1) The note was amended to extend the maturity date and restructure the monthly payment amount.

(2) The \$1,100 note with D'Iberville Promenade, LLC, with a maturity date of December 2016, is in default.

Note 9 – 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.

The Company's segment information for the three and six months ended June 30, 2017 has been retrospectively revised from previously reported amounts to reflect a change in our reportable segments. The Company no longer separately presents quantitatively and qualitatively insignificant reportable segments. Information on the Company's reportable segments is presented as follows:

Three Months Ended June 30, 2018	Malls	All Other (1)	Total
Revenues (2)	\$ 195,942	\$ 18,656	\$ 214,598
Property operating expenses (3)	(57,940)	(4,102)	(62,042)
Interest expense	(25,962)	(28,241)	(54,203)
Other expense	(35)	(210)	(245)
Gain on sales of real estate assets	—	3,747	3,747
Segment profit (loss)	<u>\$ 112,005</u>	<u>\$ (10,150)</u>	101,855
Depreciation and amortization expense			(73,566)
General and administrative expense			(13,490)
Interest and other income			218
Loss on impairment			(51,983)
Gain on investment			387
Income tax benefit			2,235
Equity in earnings of unconsolidated affiliates			4,368
Net loss			<u>\$ (29,976)</u>
Capital expenditures (4)	\$ 32,779	\$ 5,043	\$ 37,822

Three Months Ended June 30, 2017	Malls	All Other (1)	Total
Revenues (2)	\$ 213,793	\$ 15,440	\$ 229,233
Property operating expenses (3)	(56,794)	(3,650)	(60,444)
Interest expense	(31,314)	(23,751)	(55,065)
Other expense	—	(5,019)	(5,019)
Gain on sales of real estate assets	77,428	2,105	79,533
Segment profit (loss)	<u>\$ 203,113</u>	<u>\$ (14,875)</u>	188,238
Depreciation and amortization expense			(82,509)
General and administrative expense			(15,752)
Interest and other income			31
Gain on extinguishment of debt			20,420
Loss on impairment			(43,203)
Loss on investment			(5,843)
Income tax benefit			2,920
Equity in earnings of unconsolidated affiliates			6,325
Net income			<u>\$ 70,627</u>
Capital expenditures (4)	\$ 38,348	\$ 1,393	\$ 39,741

Six Months Ended June 30, 2018	Malls	All Other (1)	Total
Revenues (2)	\$ 396,657	\$ 38,141	\$ 434,798
Property operating expenses (3)	(121,769)	(8,126)	(129,895)
Interest expense	(51,736)	(56,234)	(107,970)
Other expense	(84)	(255)	(339)
Gain on sales of real estate assets	—	8,118	8,118
Segment profit (loss)	<u>\$ 223,068</u>	<u>\$ (18,356)</u>	204,712
Depreciation and amortization expense			(145,316)
General and administrative expense			(31,794)
Interest and other income			431
Loss on impairment			(70,044)
Gain on investment			387
Income tax benefit			2,880
Equity in earnings of unconsolidated affiliates			8,107
Net loss			<u>\$ (30,637)</u>
Capital expenditures (4)	\$ 67,081	\$ 7,392	\$ 74,473

Six Months Ended June 30, 2017	Malls	All Other (1)	Total
Revenues (2)	\$ 435,724	\$ 31,522	\$ 467,246
Property operating expenses (3)	(123,324)	(7,469)	(130,793)
Interest expense	(64,559)	(46,707)	(111,266)
Other expense	—	(5,019)	(5,019)
Gain on sales of real estate assets	77,428	8,093	85,521
Segment profit (loss)	<u>\$ 325,269</u>	<u>\$ (19,580)</u>	305,689
Depreciation and amortization expense			(153,729)
General and administrative expense			(31,834)
Interest and other income			1,435
Gain on extinguishment of debt			24,475
Loss on impairment			(46,466)
Loss on investment			(5,843)

Six Months Ended June 30, 2017	Malls	All Other (1)	Total
Income tax benefit			3,720
Equity in earnings of unconsolidated affiliates			11,698
Net income			<u>\$ 109,145</u>
Capital expenditures (4)	\$ 79,044	\$ 4,553	\$ 83,597
Total Assets	Malls	All Other (1)	Total
June 30, 2018	\$ 5,045,948	\$ 536,061	\$ 5,582,009
December 31, 2017	\$ 5,152,789	\$ 552,019	\$ 5,704,808

- (1) The All Other category includes associated centers, community centers, mortgage and other notes receivable, office buildings and the Management Company.
- (2) Management, development and leasing fees are included in the All Other category. See [Note 3](#) for information on the Company's revenues disaggregated by revenue source for each of the above segments.
- (3) Property operating expenses include property operating, real estate taxes and maintenance and repairs.
- (4) Amounts include acquisitions of real estate assets and investments in unconsolidated affiliates. Developments in progress are included in the All Other category.

Note 10 – Earnings per Share and Earnings per Unit

Earnings per Share of the Company

Basic earnings per share ("EPS") is computed by dividing net income (loss) attributable to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS assumes the issuance of common stock for all potential dilutive common shares outstanding. The limited partners' rights to convert their noncontrolling interests in the Operating Partnership into shares of common stock are not dilutive.

Due to a net loss for the three and six months periods ended June 30, 2018, the computation of diluted EPS does not include contingently issuable shares due to their anti-dilutive nature. Had the Company reported net income for the three months ended June 30, 2018, the denominator for diluted EPS would have been 172,867, including 205 contingently issuable shares related to performance stock unit ("PSU") awards. Had the Company reported net income for the for the six months ended June 30, 2018, the denominator for diluted EPS would have been 172,715, including 411 contingently issuable shares related to PSU awards.

Earnings per Unit of the Operating Partnership

Basic earnings per unit ("EPU") is computed by dividing net income (loss) attributable to common unitholders by the weighted-average number of common units outstanding for the period. Diluted EPU assumes the issuance of common units for all potential dilutive common units outstanding.

Due to a net loss for the three and six months periods ended June 30, 2018, the computation of diluted EPU does not include contingently issuable units due to their anti-dilutive nature. Had the Operating Partnership reported net income for the three months ended June 30, 2018, the denominator for diluted EPU would have been 199,972, including 205 contingently issuable units related to PSU awards. Had the Operating Partnership reported net income for the for the six months ended June 30, 2018, the denominator for diluted EPU would have been 200,142, including 411 contingently issuable units related to PSU awards.

Note 11 – Contingencies

Litigation

The Company is currently involved in certain litigation that arises in the ordinary course of business, most of which is expected to be covered by liability insurance. Management makes assumptions and estimates concerning the likelihood and amount of any potential loss relating to these matters using the latest information available. The Company records a liability for litigation if an unfavorable outcome is probable and the amount of loss or range of loss can be reasonably estimated. If an unfavorable outcome is probable and a reasonable estimate of the loss is a range, the Company accrues the best estimate within the range. If no amount within the range is a better estimate

than any other amount, the Company accrues the minimum amount within the range. If an unfavorable outcome is probable but the amount of the loss cannot be reasonably estimated, the Company discloses the nature of the litigation and indicates that an estimate of the loss or range of loss cannot be made. If an unfavorable outcome is reasonably possible and the estimated loss is material, the Company discloses the nature and estimate of the possible loss of the litigation. Based on current expectations, such matters, both individually and in the aggregate, are not expected to have a material adverse effect on the liquidity, results of operations, business or financial condition of the Company.

Environmental Contingencies

The Company evaluates potential loss contingencies related to environmental matters using the same criteria described above related to litigation matters. Based on current information, an unfavorable outcome concerning such environmental matters, both individually and in the aggregate, is considered to be reasonably possible. However, the Company believes its maximum potential exposure to loss would not be material to its results of operations or financial condition. The Company has a master insurance policy that provides coverage through 2022 for certain environmental claims up to \$10,000 per occurrence and up to \$50,000 in the aggregate, subject to deductibles and certain exclusions. At certain locations, individual policies are in place.

Guarantees

The Operating Partnership may guarantee the debt of a joint venture primarily because it allows the joint venture to obtain funding at a lower cost than could be obtained otherwise. This results in a higher return for the joint venture on its investment, and a higher return on the Operating Partnership's investment in the joint venture. The Operating Partnership may receive a fee from the joint venture for providing the guaranty. Additionally, when the Operating Partnership issues a guaranty, the terms of the joint venture agreement typically provide that the Operating Partnership may receive indemnification from the joint venture partner or have the ability to increase its ownership interest. The guarantees expire upon repayment of the debt, unless noted otherwise.

The following table represents the Operating Partnership's guarantees of unconsolidated affiliates' debt as reflected in the accompanying condensed consolidated balance sheets as of June 30, 2018 and December 31, 2017:

Unconsolidated Affiliate	As of June 30, 2018					Obligation Recorded to Reflect Guaranty	
	Company's Ownership Interest	Outstanding Balance	Percentage Guaranteed by the Operating Partnership	Maximum Guaranteed Amount	Debt Maturity Date (1)	6/30/2018	12/31/2017
West Melbourne I, LLC - Phase I (2)	50%	\$ 41,932	50% (3)	\$ 20,966	Feb-2021 (3)	\$ 210	\$ 86
West Melbourne I, LLC - Phase II (2)	50%	16,187	50% (3)	8,094	Feb-2021 (3)	81	33
Port Orange I, LLC	50%	56,645	50% (3)	28,322	Feb-2021 (3)	292	116
Ambassador Infrastructure, LLC	65%	10,605	100%	10,605	Aug-2020	106	177
Shoppes at Eagle Point, LLC	50%	22,647	100% (4)	36,400	Oct-2020 (5)	364	364
EastGate Storage, LLC	50%	1,511	100% (6)	6,500	Dec-2022	65	65
Self Storage at Mid Rivers, LLC (7)	50%	—	100%	5,987	Apr-2023	59	—
Total guaranty liability						<u>\$ 1,177</u>	<u>\$ 841</u>

(1) Excludes any extension options.

(2) The loan is secured by Hammock Landing - Phase I and Hammock Landing - Phase II, respectively.

(3) The loan was amended in May 2018 to extend the maturity date and increase the guaranty from 20%. The loan has two one-year extension options for an outside maturity date of February 2023. See [Note 6](#) for more information.

(4) The guaranty will be reduced to 35% once construction is complete.

(5) The loan has one two-year extension option, at the joint venture's election, for an outside maturity date of October 2022.

(6) Once construction is complete, the guaranty will be reduced to 50%. The guaranty will be further reduced to 25% once certain debt and operational metrics are met.

(7) The Company received a 1% fee for the guaranty when the loan was issued in April 2018. The guaranty will be reduced to 50% once construction is complete. The guaranty will be further reduced to 25% once certain debt and operational metrics are met. See [Note 6](#) for additional information.

The Company has guaranteed the lease performance of York Town Center, LP ("YTC"), an unconsolidated affiliate in which the Company owns a 50% interest, under the terms of an agreement with a third party that owns property as part of York Town Center. Under the terms of that agreement, YTC is obligated to cause performance of the third party's obligations as landlord under its lease with its sole tenant, including, but not limited to, provisions such as co-tenancy and exclusivity requirements. Should YTC fail to cause performance, then the tenant under the third party landlord's lease may pursue certain remedies ranging from rights to terminate its lease to receiving reductions in rent. The Company has guaranteed YTC's performance under this agreement up to a maximum of \$22,000, which decreases by \$800 annually until the guaranteed amount is reduced to \$10,000. The guaranty expires on December 31, 2020. The maximum guaranteed obligation was \$13,200 as of June 30, 2018. The Company entered into an agreement with its joint venture partner under which the joint venture partner has agreed to reimburse the Company 50% of any amounts it is obligated to fund under the guaranty. The Company did not include an obligation for this guaranty because it determined that the fair value of the guaranty was not material as of June 30, 2018 and December 31, 2017.

Performance Bonds

The Company has issued various bonds that it would have to satisfy in the event of non-performance. The total amount outstanding on these bonds was \$17,309 and \$16,998 at June 30, 2018 and December 31, 2017, respectively.

Note 12 – Share-Based Compensation

As of June 30, 2018, the Company has outstanding awards under the CBL & Associates Properties, Inc. 2012 Stock Incentive Plan ("the 2012 Plan"), which was approved by the Company's shareholders in May 2012. The 2012 Plan permits the Company to issue stock options and common stock to selected officers, employees and non-employee directors of the Company up to a total of 10,400,000 shares. As the primary operating subsidiary of the Company, the Operating Partnership participates in and bears the compensation expense associated with the Company's share-based compensation plan.

Restricted Stock Awards

The Company may make restricted stock awards to independent directors, officers and its employees under the 2012 Plan. These awards are generally granted based on the performance of the Company and its employees. None of these awards have performance requirements other than a service condition of continued employment, unless otherwise provided. Compensation expense is recognized on a straight-line basis over the requisite service period.

Share-based compensation expense related to the restricted stock awards was \$709 and \$933 for the three months ended June 30, 2018 and 2017, respectively, and \$2,476 and \$2,363 for the six months ended June 30, 2018 and 2017, respectively. Share-based compensation cost capitalized as part of real estate assets was \$102 and \$85 for the three months ended June 30, 2018 and 2017, respectively, and \$224 and \$214 for the six months ended June 30, 2018 and 2017, respectively.

A summary of the status of the Company's nonvested restricted stock awards as of June 30, 2018, and changes during the six months ended June 30, 2018, is presented below:

	Shares	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2018	642,359	\$ 13.23
Granted	693,064	\$ 4.55
Vested	(409,792)	\$ 9.64
Forfeited	(4,750)	\$ 9.21
Nonvested at June 30, 2018	920,881	\$ 8.31

As of June 30, 2018, there was \$6,311 of total unrecognized compensation cost related to nonvested stock awards granted under the plans, which is expected to be recognized over a weighted-average period of 2.7 years.

Long-Term Incentive Program

In 2015, the Company adopted a long-term incentive program ("LTIP") for its named executive officers, which consists of performance stock unit ("PSU") awards and annual restricted stock awards, that may be issued under the 2012 Plan. The number of shares related to the PSU awards that each named executive officer may receive upon the conclusion of a three-year performance period is determined based on the Company's achievement of specified levels of long-term total stockholder return ("TSR") performance relative to the National Association of Real Estate Investment Trusts ("NAREIT") Retail Index, provided that at least a "Threshold" level must be attained for any shares to be earned.

Beginning with the 2018 PSUs, two-thirds of the quantitative portion of the award over the performance period will be based on the achievement of TSR relative to the NAREIT Retail Index while the remaining one-third will be based on the achievement of absolute TSR metrics. To maintain compliance with the 200,000 share annual equity grant limit under the 2012 Plan, beginning with the 2018 PSU grant, to the extent that a grant of PSUs could result in the issuance of a number of shares of common stock at the conclusion of the performance period that, when coupled with the number of shares of time-vesting restricted stock granted in the same year the PSUs were granted, would exceed the annual limit, any such excess will be converted to a cash bonus award with a value equivalent to the number of shares of common stock constituting such excess times the average of the high and low trading prices reported for CBL's common stock on the date such shares would otherwise have been issuable. Any such portion of the value of the 2018 PSUs earned payable as a cash bonus will be subject to the same vesting provisions as the issuance of common stock pursuant to the PSUs. In addition, to the extent any cash is to be paid, the cash will be paid first relative to the vesting schedule, ahead of the issuance of shares of common stock with respect to the balance of PSUs earned.

Annual Restricted Stock Awards

Under the LTIP, annual restricted stock awards consist of shares of time-vested restricted stock awarded based on a qualitative evaluation of the performance of the Company and the named executive officer during the fiscal year. Annual restricted stock awards under the LTIP, which are included in the totals reflected in the preceding table, vest 20% on the date of grant with the remainder vesting in four equal annual installments.

Performance Stock Units

A summary of the status of the Company's PSU activity as of June 30, 2018, and changes during the six months ended June 30, 2018, is presented below:

	PSUs	Weighted-Average Grant Date Fair Value
Outstanding at January 1, 2018	560,371	\$ 5.91
2018 PSUs granted	741,977	\$ 2.63
Outstanding at June 30, 2018 ⁽¹⁾	1,302,348	\$ 4.04

(1) None of the PSUs outstanding at June 30, 2018 were vested.

Shares earned pursuant to the PSU awards vest 60% at the conclusion of the performance period while the remaining 40% of the PSU award vests 20% on each of the first two anniversaries thereafter.

Compensation cost is recognized on a tranche-by-tranche basis using the accelerated attribution method. The resulting expense, for awards classified as equity, is recorded regardless of whether any PSU awards are earned as long as the required service period is met.

The fair value of the potential cash component related to the 2018 PSUs is measured at each reporting period, using the same methodology as was used at the initial grant date, and classified as a liability on the condensed consolidated balance sheet as of June 30, 2018 with an adjustment to compensation expense. If the performance criterion is not satisfied at the end of the performance period for the 2018 PSUs, previously recognized compensation expense related to the liability-classified awards would be reversed as there would be no value at the settlement date.

Share-based compensation expense related to the PSUs was \$533 and \$385 for the three months ended June 30, 2018 and 2017, respectively, and \$952 and \$729 for the six months ended June 30, 2018 and 2017, respectively. Unrecognized compensation costs related to the PSUs was \$3,937 as of June 30, 2018, which is expected to be recognized over a weighted-average period of 3.9 years.

The following table summarizes the assumptions used in the Monte Carlo simulation pricing model related to the PSUs:

	2018 PSUs	2017 PSUs	2016 PSUs
Grant date	February 12, 2018	February 7, 2017	February 10, 2016
Fair value per share on valuation date (1)	\$ 4.76	\$ 6.86	\$ 4.98
Risk-free interest rate (2)	2.36%	1.53%	0.92%
Expected share price volatility (3)	42.02%	32.85%	30.95%

(1) The value of the PSU awards is estimated on the date of grant using a Monte Carlo simulation model. The valuation consists of computing the fair value using CBL's simulated stock price as well as TSR over a three-year performance period. The award is modeled as a contingent claim in that the expected return on the underlying shares is risk-free and the rate of discounting the payoff of the award is also risk-free. The weighted-average fair value per share related to the 2018 PSUs classified as equity consists of 240,164 shares at a fair value of \$3.13 (which relate to relative TSR) and 120,064 shares at a fair value of \$1.63 per share (which relate to absolute TSR). The weighted-average fair value per share related to the 2017 PSUs consists of 115,082 shares at a fair value of \$5.62 per share and 162,294 shares at a fair value of \$7.74 per share.

(2) The risk-free interest rate was based on the yield curve on zero-coupon U.S. Treasury securities in effect as of the valuation date, which is the respective grant date listed above.

(3) The computation of expected volatility was based on a blend of the historical volatility of CBL's shares of common stock based on annualized daily total continuous returns over a three-year period and implied volatility data based on the trailing month average of daily implied volatilities implied by stock call option contracts that were both closest to the terms shown and closest to the money.

Note 13 – Noncash Investing and Financing Activities

The Company's noncash investing and financing activities were as follows:

	Six Months Ended June 30,	
	2018	2017
Accrued dividends and distributions payable	\$ 41,656	\$ 54,376
Additions to real estate assets accrued but not yet paid	23,318	15,842
Note receivable from sale of outparcel	—	1,802
Conversion of Operating Partnership units for common stock (1)	3,059	—
Deconsolidation upon contribution/assignment of interests in joint venture: (1)		
Decrease in real estate assets	(587)	(9,131)
Increase in investment in unconsolidated affiliates	974	—
Decrease in mortgage and other indebtedness	—	2,466
Decrease in operating assets and liabilities	—	1,286
Decrease in noncontrolling interest and joint venture interest	—	2,232
Transfer of real estate assets in settlement of mortgage debt obligation:		
Decrease in real estate assets	—	(139,623)
Decrease in mortgage and other indebtedness	—	171,953
Decrease in operating assets and liabilities	—	645

(1) See [Note 6](#) for more information.

Note 14 – Subsequent Events

In July 2018, the Company used its credit lines to retire the \$190,000 portion, due in July 2018, of its \$490,000 unsecured term loan.

In July 2018, the loan secured by Phase II of The Outlet Shoppes at El Paso was extended to December 2018. The loan was scheduled to mature in July 2018.

The Company closed on the sale of Janesville Mall, located in Janesville, WI, in July 2018. The mall sold for a gross sales price of \$18,000. Net proceeds were used to reduce outstanding balances on the Company's unsecured lines of credit.

In August 2018, S&P lowered its rating on the Operating Partnership's unsecured long-term indebtedness, which will increase interest rates on our unsecured credit facilities and two unsecured term loans as of September 1, 2018. See Credit Ratings in "Liquidity and Capital Resources" for more information on these rate changes.

ITEM 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and accompanying notes that are included in this Form 10-Q. Capitalized terms used, but not defined, in this Management's Discussion and Analysis of Financial Condition and Results of Operations have the same meanings as defined in the notes to the condensed consolidated financial statements. In this discussion, the terms "we," "us" and "our" refer to the Company or the Company and the Operating Partnership collectively, as the text requires.

Certain statements made in this section or elsewhere in this report may be deemed "forward-looking statements" within the meaning of the federal securities laws. All statements other than statements of historical fact should be considered to be forward-looking statements. 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," "plans," "seeks," and variations of these words and similar expressions. Any forward-looking statement speaks only as of the date on which it is made and is qualified in its entirety by reference to the factors discussed throughout this report.

Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, forward-looking statements are not guarantees of future performance or results and we can give no assurance that these expectations will be attained. It is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of known and unknown risks and uncertainties. In addition to the risk factors described in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2017, such known risks and uncertainties include, without limitation:

- general industry, economic and business conditions;
- interest rate fluctuations;
- costs and availability of capital and capital requirements;
- costs and availability of real estate;
- inability to consummate acquisition opportunities and other risks associated with acquisitions;
- competition from other companies and retail formats;
- changes in retail demand and rental rates in our markets;
- shifts in customer demands including the impact of online shopping;
- tenant bankruptcies or store closings;
- changes in vacancy rates at our properties;
- changes in operating expenses;
- changes in applicable laws, rules and regulations;
- sales of real property;
- cyber-attacks or acts of cyber-terrorism;
- changes in the credit ratings of the Operating Partnership's senior unsecured long-term indebtedness;
- 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 refinancing requirements and business; and
- other risks referenced from time to time in filings with the SEC and those factors listed or incorporated by reference into this report

This list of risks and uncertainties is only a summary and is not intended to be exhaustive. We disclaim any obligation to update or revise any forward-looking statements to reflect actual results or changes in the factors affecting the forward-looking information.

EXECUTIVE OVERVIEW

We are a self-managed, self-administered, fully integrated REIT that is engaged in the ownership, development, acquisition, leasing, management and operation of regional shopping malls, open-air and mixed-use centers, outlet centers, associated centers, community centers and office properties. See [Note 1](#) to the condensed consolidated financial statements for information on our property interests as of June 30, 2018. See the [Liquidity and Capital Resources](#) section for information on our development, expansion and redevelopment projects as of June 30, 2018. We have elected to be taxed as a REIT for federal income tax purposes.

We had a net loss for the three and six months ended June 30, 2018 of \$30.0 million and \$30.6 million, respectively, compared to net income for the three and six months ended June 30, 2017 of \$70.6 million and \$109.1 million, respectively. We recorded a net loss attributable to common shareholders for the three and six months ended June 30, 2018 of \$35.0 million and \$45.3 million, respectively, compared to net income for the three and six months ended June 30, 2017 of \$30.2 million and \$53.1 million, respectively. The year-to-date decline was primarily due to the impact of late 2017 and early 2018 tenant bankruptcies which impacted our overall portfolio as well as impairment losses of \$70.0 million related to two malls.

Quarterly results were in-line with our guidance as we continue to progress on our strategic initiatives. We are diversifying our tenant mix with more than 60% of new leases executed year-to-date with non-apparel uses. We continue to invest in our portfolio and have begun several redevelopment projects related to the Sears stores and Sears auto centers acquired last year. Subsequent to quarter-end, we sold Janesville Mall for a gross sales price of \$18.0 million. Net proceeds were used to reduce outstanding balances on our unsecured lines of credit.

Strengthening our balance sheet is another major strategic priority. Funds from dispositions supplement our cash flows, which we utilize to fund portfolio redevelopments and reduce debt. See ["Liquidity and Capital Resources"](#) for more information on financing activity. While we plan to pay \$0.80 per share for our common dividend this year (subject to Board approval), we will review preliminary projections for 2019 to determine whether an adjustment to the dividend level is appropriate on a go-forward basis to ensure we have ample liquidity to fund redevelopments without incurring more debt.

Same-center NOI and FFO are non-GAAP measures. For a description of same-center NOI, a reconciliation from net income (loss) to same-center NOI, and an explanation of why we believe this is a useful performance measure, see **Non-GAAP Measure - Same-center Net Operating Income** in ["Results of Operations."](#) For a description of FFO, a reconciliation from net income (loss) attributable to common shareholders to FFO allocable to Operating Partnership common unitholders, and an explanation of why we believe this is a useful performance measure, see ["Non-GAAP Measure - Funds from Operations."](#)

RESULTS OF OPERATIONS

Properties that were in operation for the entire year during 2017 and the six months ended June 30, 2018 are referred to as the "Comparable Properties." Since January 1, 2017, we have opened one outlet center development as follows:

Property	Location	Date Opened
The Outlet Shoppes at Laredo (1)	Laredo, TX	April 2017

(1) The Outlet Shoppes at Laredo is a 65/35 joint venture, which is included in the accompanying condensed consolidated statements of operations on a consolidated basis.

The Outlet Shoppes at Laredo is referred to as the "New Property" in the following discussion. Non-core properties are defined as Excluded Malls - see definition that follows under **"Operational Review"**.

Comparison of the Three Months Ended June 30, 2018 to the Three Months Ended June 30, 2017

Revenues

	Total for the Three Months Ended June 30,			Comparable Properties		New	Dispositions	Change
	2018	2017	Change	Core	Non-core			
Minimum rents	\$ 148,488	\$ 157,609	\$ (9,121)	\$ (3,016)	\$ (608)	\$ (303)	\$ (5,194)	\$ (9,121)
Percentage rents	2,138	1,738	400	501	(22)	8	(87)	400

	Total for the Three Months Ended June 30,			Comparable Properties				
	2018	2017	Change	Core	Non-core	New	Dispositions	Change
Other rents	2,496	3,729	(1,233)	(1,146)	(16)	(47)	(24)	(1,233)
Tenant reimbursements	56,614	62,231	(5,617)	(3,871)	(760)	117	(1,103)	(5,617)
	209,736	225,307	(15,571)	(7,532)	(1,406)	(225)	(6,408)	(15,571)
Management, development and leasing fees	2,643	2,577	66	66	—	—	—	66
Other	2,219	1,349	870	905	99	(68)	(66)	870
Total revenues	\$ 214,598	\$ 229,233	\$ (14,635)	\$ (6,561)	\$ (1,307)	\$ (293)	\$ (6,474)	\$ (14,635)

Second quarter results continue to reflect the impact of retailer bankruptcy activity, which occurred in 2017 and the first quarter of 2018. Minimum rents and tenant reimbursements of the Comparable Properties declined primarily due to store closures and rent concessions for tenants with high occupancy cost levels, including tenants in bankruptcy. We are proactively working to backfill these spaces and diversify our tenant base towards non-apparel uses as well as other successful retail concepts. More than 60% of new leases executed year-to-date are for non-apparel uses.

Other revenue for the three months ended June 30, 2018 includes \$0.9 million of marketing revenues, which upon the adoption of the new revenue guidance (see [Note 3](#) to the condensed consolidated financial statements) were classified under other. For the three months ended June 30, 2017, these revenues were included in other rents in the condensed consolidated statements of operations.

Our cost recovery ratio was 91.3% compared to 103.0% in the prior-year period. The decline was primarily driven by lower occupancy and the bankruptcy activity noted above as well as an increase in real estate tax expense which was primarily due to a refund received in the prior-year period that lowered expense for the comparable prior-year period. The comparability of the ratio is also negatively impacted by the industry trend to move to gross leases.

Operating Expenses

	Total for the Three Months Ended June 30,			Comparable Properties				
	2018	2017	Change	Core	Non-core	New	Dispositions	Change
Property operating	\$ 29,527	\$ 30,041	\$ (514)	\$ 689	\$ 23	\$ 41	\$ (1,267)	\$ (514)
Real estate taxes	20,456	18,687	1,769	1,585	(159)	222	121	1,769
Maintenance and repairs	12,059	11,716	343	870	65	39	(631)	343
Property operating expenses	62,042	60,444	1,598	3,144	(71)	302	(1,777)	1,598
Depreciation and amortization	73,566	82,509	(8,943)	(5,438)	(1,448)	177	(2,234)	(8,943)
General and administrative	13,490	15,752	(2,262)	(2,262)	—	—	—	(2,262)
Loss on impairment	51,983	43,203	8,780	—	8,976	—	(196)	8,780
Other	245	5,019	(4,774)	(4,774)	—	—	—	(4,774)
Total operating expenses	\$ 201,326	\$ 206,927	\$ (5,601)	\$ (9,330)	\$ 7,457	\$ 479	\$ (4,207)	\$ (5,601)

Property operating expenses at the Comparable Properties increased primarily due to an increase in marketing costs, which is included in property operating, and higher snow removal costs, which is included in maintenance and repairs expense. The increase in real estate taxes related to the core properties was primarily due to a refund received in the prior-year period that lowered expense for the comparable period.

The \$6.9 million decrease in depreciation and amortization expense related to the Comparable Properties primarily relates to a decline of \$3.7 million in write-offs related to tenant improvements and in-place lease assets due to several closings related to tenant bankruptcies in the prior-year quarter. Amortization expense related to tenant improvements and in-place leases also was approximately \$3.4 million lower for the three months ended June 30, 2018 as compared to June 30, 2017, primarily due to write-offs of tenant improvements and in-place lease assets from 2017 tenant bankruptcies, as well as fully depreciated assets.

General and administrative expenses decreased primarily due to a decrease in payroll and related expenses. As a percentage of revenues, general and administrative expenses were 6.3% for the three months ended June 30, 2018 compared to 6.9% for the three months ended June 30, 2017.

In the second quarter of 2018, we recognized a \$52.0 million loss on impairment of real estate to write down the book value of a mall. In the second quarter of 2017, we recognized a \$43.0 million loss on impairment of real estate to write down the book value of a mall. See [Note 4](#) to the condensed consolidated financial statements for more information.

Other expense for the three months ended June 30, 2017 includes \$5.0 million of abandoned projects expense.

Other Income and Expenses

Interest expense decreased \$0.9 million for the three months ended June 30, 2018 compared to the prior-year period. The decrease was primarily due to \$6.4 million lower property-level interest expense, related to the retirement of higher-rate mortgage loans and property dispositions. This decrease was partially offset by an increase of \$6.3 million in corporate-level interest expense as we used our credit lines, an additional \$225.0 million issuance of the 2026 Notes, in September 2017, and \$85.0 million net additional borrowings on our unsecured term loans, in July 2017, to retire higher-rate debt. Interest expense also declined \$0.5 million due to an increase in capitalized interest related to development projects for the three months ended June 30, 2018 compared to the prior-year period.

During the three months ended June 30, 2017, we recorded a \$20.4 million gain on extinguishment of debt which primarily consisted of a \$29.2 million gain, related to the conveyance of a mall to the lender in satisfaction of the non-recourse debt secured by the property. This was partially offset by an \$8.5 million loss related to prepayment fees for the early retirement of debt.

The three months ended June 30, 2018 includes a \$0.4 million gain on investment related to the contribution of land to a new unconsolidated joint venture to construct a self-storage facility adjacent to a mall. See [Note 6](#) for more information. During the three months ended June 30, 2017, we recognized a \$5.8 million loss on investment related to the disposition of our 25% interest in an unconsolidated joint venture.

The income tax benefit of \$2.2 million for the three months ended June 30, 2018 relates to the Management Company, which is a taxable REIT subsidiary, and consists of a current tax provision of \$0.4 million and a deferred tax benefit of \$2.6 million. During the three months ended June 30, 2017, we recorded an income tax benefit of \$2.9 million, which consisted of a current tax benefit of \$5.0 million and a deferred tax provision of \$2.1 million.

Equity in earnings of unconsolidated affiliates decreased by \$2.0 million during the three months ended June 30, 2018 compared to the prior-year period. The \$2.0 million decrease is primarily attributable to increases in depreciation, amortization and operating expenses at several properties, which were partially offset by \$0.6 million of gain on sales related to two outparcels.

During the three months ended June 30, 2018, we recognized \$3.7 million of gain on sales of real estate assets primarily related to the sale of two outparcels. During the three months ended June 30, 2017, we recognized \$79.5 million of gain on sales of real estate assets, primarily related to the sale of two malls, an outlet center and one outparcel.

Comparison of the Six Months Ended June 30, 2018 to the Six Months Ended June 30, 2017

Revenues

	Total for the Six Months Ended June 30,			Comparable Properties				
	2018	2017	Change	Core	Non-core	New	Dispositions	Change
Minimum rents	\$ 298,849	\$ 317,359	\$ (18,510)	\$ (6,448)	\$ (1,297)	\$ 1,001	\$ (11,766)	\$ (18,510)
Percentage rents	4,181	4,127	54	270	(50)	8	(174)	54
Other rents	4,551	7,381	(2,830)	(2,640)	(93)	(53)	(44)	(2,830)
Tenant reimbursements	117,227	129,522	(12,295)	(9,044)	(1,217)	857	(2,891)	(12,295)
	424,808	458,389	(33,581)	(17,862)	(2,657)	1,813	(14,875)	(33,581)

Management, development and leasing fees	5,364	6,029	(665)	(665)	—	—	—	(665)
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	Total for the Six Months Ended June 30,			Comparable Properties				
	2018	2017	Change	Core	Non-core	New	Dispositions	Change
Other	4,626	2,828	1,798	1,718	136	196	(252)	1,798
Total revenues	<u>\$ 434,798</u>	<u>\$ 467,246</u>	<u>\$ (32,448)</u>	<u>\$ (16,809)</u>	<u>\$ (2,521)</u>	<u>\$ 2,009</u>	<u>\$ (15,127)</u>	<u>\$ (32,448)</u>

Revenues reflect the impact of retailer bankruptcy activity, which occurred in 2017 and the first quarter of 2018. Minimum rents and tenant reimbursements of the Comparable Properties declined primarily due to store closures and rent concessions for tenants in bankruptcy. More than 60% of new leases executed year-to-date are for non-apparel uses as we proactively work to backfill these spaces and diversify our tenant base towards non-apparel uses as well as other retail concepts.

The decrease in management, development and leasing fees was primarily due to terminated contracts for two malls owned by third parties, which we had been managing, that were sold to new owners.

Other revenue for the six months ended June 30, 2018 includes \$2.2 million of marketing revenues, which upon the adoption of the new revenue guidance (see [Note 3](#) to the condensed consolidated financial statements) were classified under other. For the six months ended June 30, 2017, these revenues were included in other rents in the condensed consolidated statements of operations.

Our cost recovery ratio was 90.2% compared to 99.0% in the prior-year period. The decline was primarily driven by lower occupancy and the bankruptcy activity noted above as well as an increase of \$1.4 million in snow removal expense for the six months ended June 30, 2018. The comparability of the ratio is also negatively impacted by the industry trend to move to gross leases.

Operating Expenses

	Total for the Six Months Ended June 30,			Comparable Properties				
	2018	2017	Change	Core	Non-core	New	Dispositions	Change
Property operating	\$ 62,353	\$ 64,955	\$ (2,602)	\$ (659)	\$ 34	\$ 1,056	\$ (3,033)	\$ (2,602)
Real estate taxes	42,304	40,770	1,534	1,690	(313)	711	(554)	1,534
Maintenance and repairs	25,238	25,068	170	1,494	98	42	(1,464)	170
Property operating expenses	<u>129,895</u>	<u>130,793</u>	<u>(898)</u>	<u>2,525</u>	<u>(181)</u>	<u>1,809</u>	<u>(5,051)</u>	<u>(898)</u>
Depreciation and amortization	145,316	153,729	(8,413)	(2,385)	(2,005)	1,341	(5,364)	(8,413)
General and administrative	31,794	31,834	(40)	(40)	—	—	—	(40)
Loss on impairment	70,044	46,466	23,578	18,061	8,976	—	(3,459)	23,578
Other	339	5,019	(4,680)	(4,680)	—	—	—	(4,680)
Total operating expenses	<u>\$ 377,388</u>	<u>\$ 367,841</u>	<u>\$ 9,547</u>	<u>\$ 13,481</u>	<u>\$ 6,790</u>	<u>\$ 3,150</u>	<u>\$ (13,874)</u>	<u>\$ 9,547</u>

Property operating expenses at the Comparable Properties decreased primarily due to a decrease in payroll and related expenses partially offset by an increase in marketing costs, both of which are included in property operating, and higher snow removal costs, which is included in maintenance and repairs expense. The increase in real estate taxes related to the core properties was primarily due to a refund received in the prior-year period that lowered expense for the comparable period.

The \$4.4 million decrease in depreciation and amortization expense related to the Comparable Properties primarily is attributable to a decline of \$4.8 million in write-offs related to tenant improvements due to several closings related to tenant bankruptcies in the prior-year period.

General and administrative expenses decreased primarily due to decreases in travel, convention expense and payroll and related expenses. These decreases were partially offset by an increase in legal costs and capitalized overhead related to development projects. As a percentage of revenues, general and administrative expenses were 7.3% for the six months ended June 30, 2018 compared to 6.8% for the six months ended June 30, 2017.

In the six months ended June 30, 2018, we recognized a \$70.0 million loss on impairment of real estate to write down the book value of two malls. In the six months ended June 30, 2017, we recognized a \$46.5 million loss on impairment of real estate to write down the book value of one mall, a parcel project near an outlet center and one outparcel. See [Note 4](#) to the condensed consolidated financial statements for more information.

Other expense for the six months ended June 30, 2017 includes \$5.0 million of abandoned projects expense.

Other Income and Expenses

Interest and other income decreased \$1.0 million for the six months ended June 30, 2018 compared to the prior-year period primarily due to \$0.9 million received in the prior year as an insurance reimbursement for nonrecurring professional fees expense (which represent one-time expenses that are not part of our normal operations) related to the completed SEC investigation that occurred in 2016.

Interest expense decreased \$3.3 million for the six months ended June 30, 2018 compared to the prior-year period. The decrease was primarily due to \$14.6 million lower property-level interest expense, related to the retirement of higher-rate mortgage loans and property dispositions. This decrease was partially offset by an increase of \$12.2 million in corporate-level interest expense as we used our credit lines, an additional \$225.0 million issuance of the 2026 Notes, in September 2017, and \$85.0 million net additional borrowings on our unsecured term loans, in July 2017, to retire higher-rate debt.

During the six months ended June 30, 2017, we recorded a \$24.5 million gain on extinguishment of debt which primarily consisted of a \$33.0 million gain related to the conveyance of two malls to the respective lenders in satisfaction of the non-recourse debt secured by the properties. This was partially offset by an \$8.5 million loss related to prepayment fees for the early retirement of debt.

The six months ended June 30, 2018 includes a \$0.4 million gain on investment related to the contribution of land to a new unconsolidated joint venture to construct a self-storage facility adjacent to a mall. See [Note 6](#) for more information. During the six months ended June 30, 2017, we recognized a \$5.8 million loss on investment related to the disposition of our 25% interest in an unconsolidated joint venture.

The income tax benefit of \$2.9 million for the six months ended June 30, 2018 relates to the Management Company, which is a taxable REIT subsidiary, and consists of a current and deferred tax benefit of \$0.9 million and \$2.0 million, respectively. During the six months ended June 30, 2017, we recorded an income tax benefit of \$3.7 million, which consisted of a current tax benefit of less than \$7.5 million and a deferred tax provision of \$3.7 million.

Equity in earnings of unconsolidated affiliates decreased by \$3.6 million during the six months ended June 30, 2018 compared to the prior-year period. The decrease is primarily attributable to increases in depreciation, amortization and repairs and maintenance expenses at several properties, which were partially offset by \$0.6 million of gain on sales related to two outparcels.

During the six months ended June 30, 2018, we recognized \$8.1 million of gain on sales of real estate assets including \$2.2 million for the sale of a community center and \$5.9 million primarily related to the sale of five outparcels. During the six months ended June 30, 2017, we recognized \$85.5 million of gain on sales of real estate assets, primarily related to the sale of two malls, an outlet center and six outparcels.

Non-GAAP Measure

Same-center Net Operating Income

NOI is a supplemental non-GAAP measure of the operating performance of our shopping centers and other properties. We define NOI as property operating revenues (rental revenues, tenant reimbursements and other income) less property operating expenses (property operating, real estate taxes and maintenance and repairs).

We compute NOI based on the Operating Partnership's pro rata share of both consolidated and unconsolidated properties. We believe that presenting NOI and same-center NOI (described below) based on our Operating Partnership's pro rata share of both consolidated and unconsolidated properties is useful since we conduct substantially all of our business through our Operating Partnership and, therefore, it reflects the performance of the properties in absolute terms regardless of the ratio of ownership interests of our common shareholders and the noncontrolling interest in the Operating Partnership. Our definition of NOI may be different than that used by other companies, and accordingly, our calculation of NOI may not be comparable to that of other companies.

Since NOI includes only those revenues and expenses related to the operations of our shopping center properties, we believe that same-center NOI provides a measure that reflects trends in occupancy rates, rental rates, sales at the malls and operating costs and the impact of those trends on our results of operations. Our calculation of same-center NOI excludes lease termination income, straight-line rent adjustments, and amortization of above and below market lease intangibles in order to enhance the comparability of results from one period to another.

We include a property in our same-center pool when we have owned all or a portion of the property since January 1 of the preceding calendar year and it has been in operation for both the entire preceding calendar year and current year-to-date period. New Properties are excluded from same-center NOI, until they meet this criteria. Properties excluded from the same-center pool that would otherwise meet this criteria are properties which are being repositioned or properties where we are considering alternatives for repositioning, where we intend to renegotiate the terms of the debt secured by the related property or return the property to the lender and those in which we own a noncontrolling interest of 25% or less. Acadiana Mall and Cary Towne Center were classified as a Lender Malls at June 30, 2018. Hickory Point Mall is currently being considered for repositioning at June 30, 2018. We own a noncontrolling interest of 10% in Triangle Town Center at June 30, 2018.

Due to the exclusions noted above, same-center NOI should only be used as a supplemental measure of our performance and not as an alternative to GAAP operating income (loss) or net income (loss). A reconciliation of our same-center NOI to net income for the three and six month periods ended June 30, 2018 and 2017 is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income (loss)	\$ (29,976)	\$ 70,627	\$ (30,637)	\$ 109,145
Adjustments: (1)				
Depreciation and amortization	81,782	89,224	161,767	168,008
Interest expense	58,361	59,605	116,231	120,261
Abandoned projects expense	245	5,019	339	5,019
Gain on sales of real estate assets	(4,339)	(52,891)	(8,710)	(58,844)
(Gain) loss on investment	(387)	5,843	(387)	5,843
Gain on extinguishment of debt	—	(23,395)	—	(27,450)
Loss on impairment	51,983	43,203	70,044	46,466
Income tax benefit	(2,235)	(2,920)	(2,880)	(3,720)
Lease termination fees	(2,744)	(864)	(9,005)	(1,111)
Straight-line rent and above- and below-market lease amortization	(662)	(1,757)	2,166	(3,048)
Net income attributable to noncontrolling interests in other consolidated subsidiaries	494	(24,138)	393	(24,851)
General and administrative expenses	13,490	15,752	31,794	31,834
Management fees and non-property level revenues	(3,509)	(2,293)	(7,396)	(7,550)
Operating Partnership's share of property NOI	162,503	181,015	323,719	360,002
Non-comparable NOI	(5,486)	(12,440)	(12,020)	(25,530)
Total same-center NOI	\$ 157,017	\$ 168,575	\$ 311,699	\$ 334,472

(1) Adjustments are based on our Operating Partnership's pro rata ownership share, including our share of unconsolidated affiliates and excluding noncontrolling interests' share of consolidated properties.

Same-center NOI decreased 6.9% for the three months ended June 30, 2018 as compared to the prior-year period. The \$11.6 million decrease for the three month period ended June 30, 2018 compared to the same period in 2017 primarily consisted of an \$8.3 million decrease in revenues and an increase of \$3.1 million in operating expenses. Minimum rents and tenant reimbursements declined \$8.7 million during the quarter primarily due to lower occupancy from store closures as well as rent concessions for tenants with high occupancy cost levels, including tenants in bankruptcy. Percentage rents increased \$0.5 million due to sales growth in the portfolio. The \$3.1 million increase in operating expenses was driven by increases of \$0.8 million in property operating expense, which included \$0.3 million of bad debt expense, and an increase of \$1.1 million in maintenance and repairs expense, which included a \$0.5 million increase in snow removal expense. Real estate tax expense also increased by \$1.2 million primarily due to a refund received in the prior-year period that lowered expense for the comparable period.

The 6.8% decrease in same center NOI for the six months ended June 30, 2018 as compared to the prior-year period includes an \$18.7 million decrease in revenues, primarily driven by an \$18.1 million decline in minimum rents and tenant reimbursements primarily due to lower occupancy and rent concessions for tenants in bankruptcy. Other rents and other income declined \$1.0 million during the period while percentage rents increased \$0.3 million due to portfolio sales growth. Operating expenses increased \$4.0 million for the six months ended June 30, 2018 as compared to the prior-year period. The increase was primarily due to a \$2.9 million increase in maintenance and repairs expense, which included a \$1.5 million increase in snow removal expense, and a \$1.6 million increase in real estate taxes primarily related to a refund received in the prior-year period that lowered expense for the comparable period.

The decline in revenues for the six months ended June 30, 2018 was impacted by a decrease of 0.9% in occupancy in our same-center mall portfolio. Average annual base rents for our same-center stabilized malls were lower at \$32.64 as of June 30, 2018 as compared to \$32.86 for the prior-year period on a same-center basis.

Operational Review

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

We classify our regional malls into three categories:

- (1) Stabilized Malls – Malls that have completed their initial lease-up and have been open for more than three complete calendar years.
- (2) Non-stabilized Malls - Malls that are in their initial lease-up phase. After three complete calendar years of operation, they are reclassified on January 1 of the fourth calendar year to the stabilized mall category. The Outlet Shoppes at Laredo was classified as a non-stabilized mall as of June 30, 2018 and 2017. The Outlet Shoppes of the Bluegrass was classified as a non-stabilized mall as of June 30, 2017.
- (3) Excluded Malls - We exclude malls from our core portfolio if they fall in the following categories, for which operational metrics are excluded:
 - a. Lender Malls - Malls for which we are working or intend to work with the lender on a restructure of the terms of the loan secured by the property or convey the secured property to the lender. Acadiana Mall and Cary Towne Center were classified as Lender Malls as of June 30, 2018. As of June 30, 2017, Wausau Center was classified as a Lender Mall until its foreclosure in the following quarter. Lender Malls are excluded from our same-center pool as decisions made while in discussions with the lender may lead to metrics that do not provide relevant information related to the condition of these properties or they may be under cash management agreements with the respective servicers.
 - b. Repositioning Malls - Malls that are currently being repositioned or where we have determined that the current format of the mall no longer represents the best use of the mall and we are in the process of evaluating alternative strategies for the mall. This may include major redevelopment or an alternative retail or non-retail format, or after evaluating alternative strategies for the mall, we may determine that the mall no longer meets our criteria for long-term investment. The steps taken to reposition these malls, such as signing tenants to short-term leases, which are not included in occupancy percentages, or leasing to regional or local tenants, which typically do not report sales, may lead to metrics which do not provide relevant information related to the condition of these malls. Therefore, traditional performance measures, such as occupancy percentages and leasing metrics, exclude Repositioning Malls. Hickory Point Mall was classified as a Repositioning Mall as of June 30, 2018 and 2017. Cary Towne Center was classified as a Repositioning Mall as of June 30, 2017 until a change in redevelopment plans caused it to be reclassified as a Lender Mall as of June 30, 2018.
 - c. Minority Interest Malls - Malls in which we have a 25% or less ownership interest. Triangle Town Center was classified as a Minority Interest Mall as of June 30, 2018 and 2017. River Ridge Mall was classified as a Minority Interest Mall as of June 30, 2017 and remained so until we sold our 25% interest to our joint venture partner in the following quarter.

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

	Six Months Ended June 30,	
	2018	2017
Malls	91.2%	93.3%
Other properties	8.8%	6.7%

Mall Store Sales

Mall store sales include reporting mall tenants of 10,000 square feet or less for stabilized malls and exclude license agreements, which are retail contracts that are temporary or short-term in nature and generally last more than three months but less than twelve months. The following is a comparison of our same-center sales per square foot:

	Twelve Months Ended June 30,		% Change
	2018	2017	
Stabilized mall same-center sales per square foot	\$376	\$375	0.3%
Stabilized mall sales per square foot	\$376	\$373	0.8%

Sales for the second quarter were relatively flat. April declined due to the timing of Easter-related sales occurring in March. May demonstrated a healthy increase and June was relatively flat. We saw sales strength from certain children's apparel retailers, family shoes and cosmetics, while certain accessory concepts and optical retailers demonstrated weakness. We expect sales for the full year to remain positive.

Occupancy

Our portfolio occupancy is summarized in the following table ⁽¹⁾:

	As of June 30,	
	2018	2017
Total portfolio	91.1%	91.6%
<u>Malls:</u>		
Total mall portfolio	89.2%	90.2%
Same-center malls	89.5%	90.4%
Stabilized malls	89.5%	90.5%
Non-stabilized malls ⁽²⁾	71.9%	81.8%
<u>Other properties:</u>	97.4%	96.2%
Associated centers	97.9%	95.5%
Community centers	96.9%	97.0%

(1) As noted above, excluded properties are not included in occupancy metrics. Occupancy for malls represents percentage of mall store gross leasable area occupied under 20,000 square feet. Occupancy for other properties represents percentage of gross leasable area occupied.

(2) Represents occupancy for The Outlet Shoppes at Laredo as of June 30, 2018. Represents occupancy for The Outlet Shoppes of the Bluegrass and The Outlet Shoppes at Laredo as of June 30, 2017.

Mall occupancy results for the quarter were impacted by bankruptcy-related store closures of approximately 91 basis points or 168,000 square feet as well as the closure of 34 Best Buy Mobile locations, approximating 48,000 square feet in total. Our 2018 results reflect the impact of the 2017 bankruptcies, which approximated 800,000 square feet in store closures. Mall shop store closure activity for 2018 has slowed as more retailers have been electing to file for reorganization rather than liquidating.

We anticipate approximately 2.0 million square feet of additional store closures in 2018, of which 1.9 million square feet represent the Bon-Ton anchor stores closing in August. See Leasing below for an update on our progress made in replacing these stores.

Leasing

The following is a summary of the total square feet of leases signed in the three and six month periods ended June 30, 2018 as compared to the prior-year periods:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Operating portfolio:				
New leases	366,697	449,138	608,136	738,110
Renewal leases	463,470	537,809	1,316,951	1,087,378
Development portfolio:				
New leases	19,054	25,914	103,658	127,002
Total leased	849,221	1,012,861	2,028,745	1,952,490

Average annual base rents per square foot are based on contractual rents in effect as of June 30, 2018 and 2017, including the impact of any rent concessions. Average annual base rents per square foot for comparable small shop space of less than 10,000 square feet were as follows for each property type ⁽¹⁾:

	As of June 30,	
	2018	2017
Malls:		
Same-center stabilized malls	\$ 32.64	\$ 32.86
Stabilized malls	32.64	33.16
Non-stabilized malls ⁽²⁾	25.71	25.69
Other properties:	15.15	15.20
Associated centers	13.74	13.84
Community centers	16.15	16.06
Office buildings	18.64	19.06

(1) As noted above, excluded properties are not included in base rent. Average base rents for associated centers, community centers and office buildings include all leased space, regardless of size.

(2) Represents average annual base rents for The Outlet Shoppes at Laredo as of June 30, 2018. Represents average annual base rents for The Outlet Shoppes of the Bluegrass and The Outlet Shoppes at Laredo as of June 30, 2017.

Results from new and renewal leasing of comparable small shop space of less than 10,000 square feet during the three and six month periods ended June 30, 2018 for spaces that were previously occupied, based on the contractual terms of the related leases inclusive of the impact of any rent concessions, are as follows:

Property Type	Square Feet	Prior Gross Rent PSF	New Initial Gross Rent PSF	% Change Initial	New Average Gross Rent PSF ⁽¹⁾	% Change Average
Quarter:						
All Property Types ⁽²⁾	454,596	\$ 45.04	\$ 41.15	(8.6)%	\$ 41.50	(7.9)%
Stabilized malls	436,911	45.81	41.70	(9.0)%	42.04	(8.2)%
New leases	84,624	45.38	42.91	(5.4)%	44.76	(1.4)%
Renewal leases	352,287	45.91	41.41	(9.8)%	41.38	(9.9)%
Year-to-Date:						
All Property Types ⁽²⁾	1,155,382	\$ 42.40	\$ 37.41	(11.8)%	\$ 37.98	(10.4)%
Stabilized malls	1,122,105	42.84	37.71	(12.0)%	38.28	(10.6)%
New leases	177,830	42.66	40.46	(5.2)%	42.46	(0.5)%
Renewal leases	944,275	42.88	37.19	(13.3)%	37.49	(12.6)%

(1) Average gross rent does not incorporate allowable future increases for recoverable common area expenses.

(2) Includes stabilized malls, associated centers, community centers and office buildings.

Leasing spreads improved sequentially for the quarter but remained negative in part due to renewal activity with certain retailers with high occupancy costs. We expect renewal spreads to remain negative for the next several quarters. We continue to work through maturing leases with struggling retailers as well as retailers in bankruptcy reorganization where we are negotiating occupancy cost reductions rather than allowing stores to close.

New and renewal leasing activity of comparable small shop space of less than 10,000 square feet for the six month period ended June 30, 2018 based on the lease commencement date is as follows:

	Number of Leases	Square Feet	Term (in years)	Initial Rent PSF	Average Rent PSF	Expiring Rent PSF	Initial Rent Spread		Average Rent Spread	
Commencement 2018:										
New	89	235,794	7.41	\$ 41.07	\$ 42.90	\$ 41.71	\$ (0.64)	(1.5)%	\$ 1.19	2.9 %
Renewal	409	1,316,703	2.98	33.34	33.76	39.45	(6.11)	(15.5)%	(5.69)	(14.4)%
Commencement 2018 Total	498	1,552,497	3.77	34.52	35.15	39.79	(5.27)	(13.2)%	(4.64)	(11.7)%
Commencement 2019:										
New	3	11,889	10.00	47.51	50.39	24.38	23.13	94.9 %	26.01	106.7 %
Renewal	54	202,898	3.76	32.21	37.65	40.15	(7.94)	(19.8)%	(2.50)	(6.2)%
Commencement 2019 Total	57	214,787	4.09	37.78	38.36	39.27	(1.49)	(3.8)%	(0.91)	(2.3)%
Total 2018/2019	555	1,767,284	3.81	\$ 34.91	\$ 35.54	\$ 39.73	\$ (4.82)	(12.1)%	\$ (4.19)	(10.5)%

Year-to-date over 60% of our total new leasing was executed with non-apparel tenants. Our focus this year has been to diversify our tenant mix from apparel and department store dominated malls to mixed-use centers with new and unique uses such as services, restaurants, fitness, medical, education and more. We have currently executed contracts, letters of intent or are in negotiations with 55 restaurants, 12 entertainment uses, 8 hotels and 2 grocers.

As previously announced, Bon-Ton filed for Chapter 11 bankruptcy protection earlier this year and will close all of its stores by August 31, 2018. We began the year with 16 Bon-Ton locations in our portfolio representing approximately \$7.2 million in gross annual rent. Leases have been executed on several of these locations. Most of the remaining stores we own are in the negotiation or letter of intent stage. We have a lease executed at Westmoreland Mall for a casino/entertainment complex and a lease for a Shoprite grocery store at Stroud Mall to replace two of the Bon-Ton stores. Leases with two value retailers are in place to replace the Elder-Beerman space at Kentucky Oaks Mall. Additionally, we completed the sale of Janesville Mall in July 2018, which also was anchored by a Bon-Ton location.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2018, we had approximately \$112.6 million outstanding on our three unsecured credit facilities leaving approximately \$550.3 million of availability based on the terms of the credit facilities. In April 2018, we closed on a 10-year non-recourse loan secured by CoolSprings Galleria in Nashville, TN. The \$155.0 million loan (\$77.5 million at our 50% share) bears interest at 4.839%. A portion of the proceeds were used to retire the existing \$97.7 million loan, which bore interest at a fixed rate of 6.98% and was scheduled to mature in June 2018. Our share of excess proceeds was used to reduce outstanding balances on our unsecured lines of credit. We also formed a new 50/50 joint venture to develop a self-storage facility adjacent to Mid Rivers Mall and closed in April 2018 on a five-year \$6.0 million construction loan which bears interest at a variable rate of LIBOR plus 2.75% to fund the project. In May 2018, we completed the extension of the loans secured by The Pavilion at Port Orange in Port Orange, FL and Hammock Landing in West Melbourne, FL. The aggregate \$115.0 million (\$57.5 million at our share) in loans have an initial term of three years and two one-year extension options for an outside maturity date of February 2023. The new loans bear interest at a variable rate of LIBOR plus 2.25%. See [Note 6](#) to the condensed consolidated financial statements for more information on these financings.

Subsequent to June 30, 2018, we utilized availability on our credit facilities to retire \$190.0 million, which was due in July 2018, of our \$490.0 million unsecured term loan. We are also making good progress on placing a new loan on The Outlet Shoppes at El Paso and anticipate closing within the next 90 days. Our share of excess proceeds from the financing will be used to reduce outstanding borrowings on our credit facilities. In July, we sold Janesville Mall for a gross sales price of \$18.0 million. Net proceeds were used to reduce outstanding balances on our credit facilities. We are in the process of refinancing our \$350.0 million unsecured term loan, which has an outside maturity date in October 2019, as well as our credit facilities totaling \$1.1 billion in capacity, which mature in October 2020. Based on

preliminary discussions with our lenders, there is a high likelihood the term loan and credit facilities will be collateralized to allow us financial and operational flexibility.

Our total pro rata share of debt at June 30, 2018 was \$4.7 billion, a reduction of approximately \$20.0 million from the prior-year period and \$19.0 million from year-end 2017. Our consolidated unencumbered properties generated approximately 60.0% of total consolidated NOI for the six months ended June 30, 2018 (excluding dispositions and Excluded Malls).

We have several redevelopment projects and plans in place for the Sears and Macy's buildings we purchased in the prior year beginning with the redevelopment of the former Sears building at Brookfield Square as well as the two former Sears Auto Centers at Northgate Mall and Volusia Mall. Subsequent to June 30, 2018, we sold a Tier 3 property, Janesville Mall in Janesville, WI. We have active negotiations occurring on additional non-core assets and will continue to opportunistically sell or joint venture assets going forward to provide additional funding for redevelopment activities and reduce debt. While we plan to pay \$0.80 per share for our common dividend this year, we will review preliminary projections for 2019 to determine whether an adjustment is appropriate to ensure we have ample liquidity and financial flexibility to fund redevelopments without adding additional debt.

We derive a majority of our revenues from leases with retail tenants, which have historically been the primary source for funding short-term liquidity and capital needs such as operating expenses, debt service, tenant construction allowances, recurring capital expenditures, dividends and distributions. We believe that the combination of cash flows generated from our operations, combined with our debt and equity sources and the availability under our credit facilities and proceeds from dispositions will, for the foreseeable future, provide adequate liquidity to meet our cash needs. In addition to these factors, we have options available to us to generate additional liquidity, including but not limited to, debt and equity offerings, joint venture investments, issuances of noncontrolling interests in our Operating Partnership, and decreasing expenditures related to tenant construction allowances and other capital expenditures. We also generate revenues from sales of peripheral land at our properties and from sales of real estate assets when it is determined that we can realize an optimal value for the assets.

Cash Flows - Operating, Investing and Financing Activities

There was \$60.5 million of cash, cash equivalents and restricted cash as of June 30, 2018, a decrease of \$7.7 million from December 31, 2017. Of this amount, \$23.4 million was unrestricted cash and cash equivalents as of June 30, 2018.

Our net cash flows are summarized as follows (in thousands):

	Six Months Ended June 30,		
	2018	2017	Change
Net cash provided by operating activities	\$ 179,882	\$ 205,327	\$ (25,445)
Net cash provided by (used in) investing activities	(22,837)	18,005	(40,842)
Net cash used in financing activities	(164,706)	(211,669)	46,963
Net cash flows	\$ (7,661)	\$ 11,663	\$ (19,324)

Cash Provided by Operating Activities

Cash provided by operating activities decreased \$25.4 million primarily due to a decline in rental revenues during the quarter, related to store closures and rent concessions for tenants with high occupancy cost levels, including tenants in bankruptcy, and the disposition of properties.

Cash Provided by (Used in) Investing Activities

Cash flows used in investing activities was \$22.8 million for the six months ended June 30, 2018 compared to cash flows provided by investing activities of \$18.0 million for the six months ended June 30, 2017. The cash outflow for 2018 was primarily related to redevelopment expenditures as we continue to transform our properties by adding new retailers and new uses. These expenditures were partially offset by proceeds from the sales of outparcels and a community center, as well as our share of the net proceeds from the refinancing of the CoolSprings Galleria loan. Cash provided by investing activities in 2017 was due to net proceeds from the sale of two malls, an outlet center and six outparcels, partially offset by cash used to acquire the Macy's and Sears locations at several malls in the first quarter of 2017 and expenditures related to renovations and redevelopments.

Cash Used in Financing Activities

Cash flows used in financing activities decreased \$47.0 million. The change is primarily due to the reduction in the common stock dividend from \$0.265 per share to \$0.200 per share for each quarter of 2018 as compared to the corresponding quarters of 2017, as well as a greater reduction in debt during 2017 using net proceeds from sales of properties and distributions of noncontrolling interests share of net proceeds from those sales.

Debt

Debt of the Company

CBL has no indebtedness. Either the Operating Partnership or one of its consolidated subsidiaries, that it has a direct or indirect ownership interest in, is the borrower on all of our debt.

CBL is a limited guarantor of the Notes, as described in [Note 7](#) to the condensed consolidated financial statements, for losses suffered solely by reason of fraud or willful misrepresentation by the Operating Partnership or its affiliates. We also provide a similar limited guarantee of the Operating Partnership's obligations with respect to our unsecured credit facilities and three unsecured term loans as of June 30, 2018.

Debt of the Operating Partnership

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

June 30, 2018	Consolidated	Noncontrolling Interests	Unconsolidated Affiliates	Total	Weighted-Average Interest Rate (1)
Fixed-rate debt:					
Non-recourse loans on operating properties (2)	\$ 1,736,299	\$ (76,413)	\$ 545,275	\$ 2,205,161	5.00%
Recourse loan on operating property (3)	—	—	10,605	10,605	3.74%
Senior unsecured notes due 2023 (4)	447,196	—	—	447,196	5.25%
Senior unsecured notes due 2024 (5)	299,949	—	—	299,949	4.60%
Senior unsecured notes due 2026 (6)	616,236	—	—	616,236	5.95%
Total fixed-rate debt	3,099,680	(76,413)	555,880	3,579,147	5.16%
Variable-rate debt:					
Non-recourse loan on operating property	10,774	(5,387)	—	5,387	4.24%
Recourse loans on operating properties	80,790	—	58,022	138,812	4.50%
Construction loans	—	—	24,158	24,158	4.83%
Unsecured lines of credit	112,625	—	—	112,625	3.18%
Unsecured term loans	885,000	—	—	885,000	3.43%
Total variable-rate debt	1,089,189	(5,387)	82,180	1,165,982	3.57%
Total fixed-rate and variable-rate debt	4,188,869	(81,800)	638,060	4,745,129	4.77%
Unamortized deferred financing costs	(16,516)	642	(2,177)	(18,051)	
Mortgage and other indebtedness, net	\$ 4,172,353	\$ (81,158)	\$ 635,883	\$ 4,727,078	

December 31, 2017	Consolidated	Noncontrolling Interests	Unconsolidated Affiliates	Total	Weighted-Average Interest Rate (1)
Fixed-rate debt:					
Non-recourse loans on operating properties (2)	\$ 1,796,203	\$ (77,155)	\$ 521,731	\$ 2,240,779	5.06%
Recourse loans on operating properties (3)	—	—	11,035	11,035	3.74%
Senior unsecured notes due 2023 (4)	446,976	—	—	446,976	5.25%
Senior unsecured notes due 2024 (5)	299,946	—	—	299,946	4.60%
Senior unsecured notes due 2026 (6)	615,848	—	—	615,848	5.95%
Total fixed-rate debt	3,158,973	(77,155)	532,766	3,614,584	5.19%
Variable-rate debt:					
Non-recourse loan on operating property	10,836	(5,418)	—	5,418	3.37%
Recourse loans on operating properties	101,187	—	58,478	159,665	3.77%
Construction loan	—	—	5,977	5,977	4.28%
Unsecured lines of credit	93,787	—	—	93,787	2.56%
Unsecured term loans	885,000	—	—	885,000	2.81%
Total variable-rate debt	1,090,810	(5,418)	64,455	1,149,847	2.93%
Total fixed-rate and variable-rate debt	4,249,783	(82,573)	597,221	4,764,431	4.65%
Unamortized deferred financing costs	(18,938)	687	(2,441)	(20,692)	
Mortgage and other indebtedness, net	\$ 4,230,845	\$ (81,886)	\$ 594,780	\$ 4,743,739	

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

(2) The unconsolidated affiliate has an interest rate swap on a notional amount outstanding of \$45,464 as of June 30, 2018 and \$46,054 as of December 31, 2017 related to a variable-rate loan on Ambassador Town Center to effectively fix the interest rate on this loan to a fixed-rate of 3.22%.

(3) The unconsolidated affiliate has an interest rate swap on a notional amount outstanding of \$10,605 as of June 30, 2018 and \$11,035 as of December 31, 2017 related to a variable-rate loan on Ambassador Town Center - Infrastructure Improvements to effectively fix the interest rate on this loan to a fixed-rate of 3.74%.

(4) The balance is net of an unamortized discount of \$2,804 and \$3,024 as of June 30, 2018 and December 31, 2017, respectively.

(5) The balance is net of an unamortized discount of \$51 and \$54 as of June 30, 2018 and December 31, 2017, respectively.

(6) The balance is net of an unamortized discount of \$8,764 and \$9,152 as of June 30, 2018 and December 31, 2017, respectively.

The weighted-average remaining term of our total share of consolidated and unconsolidated debt was 4.2 years and 4.6 years at June 30, 2018 and December 31, 2017, respectively. The weighted-average remaining term of our pro rata share of fixed-rate debt was 5.1 years and 5.4 years at June 30, 2018 and December 31, 2017, respectively.

As of June 30, 2018 and December 31, 2017, our pro rata share of consolidated and unconsolidated variable-rate debt represented 24.6% and 24.2%, respectively, of our total pro rata share of debt. As of June 30, 2018, our share of consolidated and unconsolidated variable-rate debt represented 18.0% of our total market capitalization (see *Equity* below) as compared to 17.6% as of December 31, 2017.

We anticipate the foreclosure of the \$122.1 million loan secured by Acadiana Mall will be complete by year-end and are in discussions with the lender concerning the \$46.7 million loan secured by Cary Towne Center to determine the next steps for this property. See [Note 7](#) to the condensed consolidated financial statements for additional information concerning the amount and terms of our outstanding indebtedness and compliance with applicable covenants and restrictions as of June 30, 2018 as well as mortgage activity related to consolidated property loans.

See [Note 6](#) to the condensed consolidated financial statements for information related to financing activity related to unconsolidated affiliates.

Credit Ratings

The Operating Partnership's credit ratings of its unsecured long-term indebtedness were as follows as of June 30, 2018:

Rating Agency	Rating	Outlook	Investment Grade
Fitch	BB+	Negative	No
Moody's	Ba1	Negative	No
S&P (1)	BBB-	Negative	Yes

(1) In August 2018, S&P lowered its rating to BB+. The change will impact our interest rates beginning September 1, 2018, as described below.

We made a one-time irrevocable election to use our credit ratings, as defined above, to determine the interest rate on our three unsecured credit facilities and two unsecured term loans. Borrowings under our three unsecured credit facilities bear interest at LIBOR plus 120 basis points and our unsecured term loans bear interest at LIBOR plus 135 and 150 basis points, respectively, based on the credit ratings noted above.

Due to a downgrade in our credit rating from S&P subsequent to June 30, 2018, our unsecured credit facilities will bear interest at LIBOR plus 155 basis points (an increase of 35 basis points). Our \$350 million unsecured term loan will bear interest at LIBOR plus 175 basis points (an increase of 40 basis points). Our \$490 million unsecured term loan (which was reduced to \$300 million with our \$190 million July payoff) will bear interest at 200 basis points (an increase of 50 basis points). These interest rate changes will increase our borrowing costs beginning September 1, 2018. Such a downgrade may also impact terms and conditions of future borrowings in addition to adversely affecting our ability to access the public debt markets.

Unencumbered Consolidated Portfolio Statistics

(Dollars in thousands, except sales per square foot data)

	Sales Per Square Foot for the Twelve Months Ended (1) (2)		Occupancy (2)		% of Consolidated Unencumbered NOI for the Six Months Ended 6/30/18 (3)
	06/30/18	06/30/17	06/30/18	06/30/17	
Unencumbered consolidated properties:					
Tier 1 Malls	\$ 410	\$ 420	93.4%	92.4%	22.5%
Tier 2 Malls	337	340	89.5%	88.8%	52.6%
Tier 3 Malls	277	283	86.6%	87.3%	13.4%
Total Malls	341	346	89.6%	89.2%	88.5%
Total Associated Centers	N/A	N/A	97.4%	94.0%	7.2%
Total Community Centers	N/A	N/A	99.0%	99.3%	3.1%
Total Office Buildings and Other	N/A	N/A	89.2%	94.1%	1.2%
Total Unencumbered Consolidated Portfolio	\$ 341	\$ 346	91.6%	90.7%	100.0%

(1) Represents same-center sales per square foot for mall tenants 10,000 square feet or less for stabilized malls.

(2) Operating metrics are included for unencumbered operating properties and do not include sales or occupancy of unencumbered outparcels.

(3) Our consolidated unencumbered properties generated approximately 60.0% of total consolidated NOI of \$283,027,200 (which excludes NOI related to dispositions) for the six months ended June 30, 2018.

Equity

During the six months ended June 30, 2018, we paid dividends of \$91.2 million to holders of CBL's common stock and preferred stock, as well as \$17.5 million in distributions to the noncontrolling interest investors in the Operating Partnership and other consolidated subsidiaries. The Operating Partnership paid distributions of \$22.4 million and \$81.1 million on the preferred units and common units, respectively, as well as distributions of \$5.2 million to the noncontrolling interests in other consolidated subsidiaries.

On May 31, 2018, we announced a second quarter 2018 common stock dividend of \$0.20 per share payable in cash that was paid on July 16, 2018. On February 22, 2018, we announced a first quarter 2018 common stock dividend of \$0.20 per share payable in cash that was paid on April 17, 2018. Future dividends payable will be determined by our Board of Directors based upon circumstances at the time of declaration. Preliminary 2019 projections will be used later this year to assess the appropriate dividend payout in the next year to ensure we have ample liquidity for redevelopment activity. Our dividend payout ratio, in relation to FFO, as adjusted, per diluted common share, was 47.5% for the six months ended June 30, 2018. See "[Non-GAAP Measure - Funds from Operations](#)" below for additional information concerning the calculation of FFO, as adjusted, per diluted common share.

As a publicly traded company and, as a subsidiary of a publicly traded company, we have access to capital through both the public equity and debt markets. We currently have a shelf registration statement on file with the SEC authorizing us to publicly issue senior and/or subordinated debt securities, shares of preferred stock (or depositary shares representing fractional interests therein), shares of common stock, warrants or rights to purchase any of the foregoing securities, and units consisting of two or more of these classes or series of securities and limited guarantees of debt securities issued by the Operating Partnership. Pursuant to the shelf registration statement, the Operating Partnership is also authorized to publicly issue unsubordinated debt securities. There is no limit to the offering price or number of securities that we may issue under this shelf registration statement.

Debt-To-Total Market Capitalization

Our strategy is to maintain a conservative debt-to-total-market capitalization ratio in order to enhance our access to the broadest range of capital markets, both public and private. Based on our share of total consolidated and unconsolidated debt and the market value of equity, our debt-to-total-market capitalization (debt plus market value of equity) ratio was 73.2% at June 30, 2018, compared to 67.4% at June 30, 2017. The increase in the debt-to-total-market capitalization ratio is primarily due to a decrease in CBL's stock price to \$5.57 at June 29, 2018 from \$8.43 at June 30, 2017.

Our debt-to-total-market capitalization ratio at June 30, 2018 was computed as follows (in thousands, except stock prices):

	Shares Outstanding	Stock Price (1)	Value
Common stock and operating partnership units	199,428	\$ 5.57	\$ 1,110,814
7.375% Series D Cumulative Redeemable Preferred Stock	1,815	250.00	453,750
6.625% Series E Cumulative Redeemable Preferred Stock	690	250.00	172,500
Total market equity			1,737,064
Company's share of total debt, excluding unamortized deferred financing costs			4,745,129
Total market capitalization			\$ 6,482,193
Debt-to-total-market capitalization ratio			73.2%

(1) Stock price for common stock and Operating Partnership units equals the closing price of CBL's common stock on June 29, 2018. The stock prices for the preferred stock represent the liquidation preference of each respective series of preferred stock.

Capital Expenditures

Deferred maintenance expenditures are generally billed to tenants as CAM expense, and most are recovered over a 5 to 15-year period. Renovation expenditures are primarily for remodeling and upgrades of malls, of which a portion is recovered from tenants over a 5 to 15-year period. We recover these costs through fixed amounts with annual increases or pro rata cost reimbursements based on the tenant's occupied space.

The following table, which excludes expenditures for developments and expansions, summarizes these capital expenditures, including our share of unconsolidated affiliates' capital expenditures, for the three and six month periods ended June 30, 2018 compared to the same periods in 2017 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Tenant allowances (1)	\$ 13,097	\$ 10,600	\$ 28,221	\$ 20,116
Renovations	—	3,563	563	4,065
Deferred maintenance:				
Parking lot and parking lot lighting	321	2,436	665	4,261
Roof repairs and replacements	1,799	2,449	3,424	3,063
Other capital expenditures	3,902	5,002	9,780	10,217
Total deferred maintenance	6,022	9,887	13,869	17,541
Capitalized overhead	1,872	1,984	3,291	4,291
Capitalized interest	951	385	1,538	1,224
Total capital expenditures	\$ 21,942	\$ 26,419	\$ 47,482	\$ 47,237

(1) Tenant allowances primarily relate to new leases. Tenant allowances related to renewal leases were not material for the periods presented.

Our total investment in renovations that are scheduled for 2018 is projected to be \$9.6 million, which includes floor renovations, as well as other eco-friendly green renovations. Annual capital expenditures budgets are prepared for each of our properties that are intended to provide for all necessary recurring and non-recurring capital expenditures. We believe that property operating cash flows, which include reimbursements from tenants for certain expenses, will provide the necessary funding for these expenditures.

Developments, Expansions and Redevelopments

The following tables summarize our development, expansion and redevelopment projects as of June 30, 2018.

Properties Opened During the Six Months Ended June 30, 2018

(Dollars in thousands)

Property	Location	CBL Ownership Interest	Total Project Square Feet	CBL's Share of			Opening Date	Initial Unleveraged Yield
				Total Cost (1)	Cost to Date (2)	2018 YTD Cost		
Mall Expansion:								
Parkdale Mall - Restaurant Addition	Beaumont, TX	100%	4,700	\$ 1,315	\$ 1,409	\$ 266	Feb-18/ Mar-18	10.4%

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Property	Location	CBL Ownership Interest	Total Project Square Feet	CBL's Share of			Opening Date	Initial Unleveraged Yield
				Total Cost (1)	Cost to Date (2)	2018 YTD Cost		
Other - Outparcel Development:								
Laurel Park Place - Panera Bread (3)	Livonia, MI	100%	4,500	1,772	1,586	346	May-18	9.7%
Total Properties Opened			9,200	\$ 3,087	\$ 2,995	\$ 612		

- (1) Total Cost is presented net of reimbursements to be received.
(2) Cost to Date does not reflect reimbursements until they are received.
(3) Outparcel development adjacent to the mall.

Redevelopments Completed During the Six Months Ended June 30, 2018

(Dollars in thousands)

Property	Location	CBL Ownership Interest	Total Project Square Feet	CBL's Share of			Opening Date	Initial Unleveraged Yield
				Total Cost (1)	Cost to Date (2)	2018 YTD Cost		
Mall Redevelopments:								
Frontier Mall - Sports Authority Redevelopment (Planet Fitness)	Cheyenne, WY	100%	24,750	\$ 1,385	\$ 898	\$ 676	Feb-18	29.8%
York Galleria - Partial JC Penney Redevelopment (Marshalls)	York, PA	100%	21,026	2,870	2,373	1,896	Apr-18	11.0%
Total Redevelopments Completed			45,776	\$ 4,255	\$ 3,271	\$ 2,572		

- (1) Total Cost is presented net of reimbursements to be received.
(2) Cost to Date does not reflect reimbursements until they are received.

Properties Under Development at June 30, 2018

(Dollars in thousands)

Property	Location	CBL Ownership Interest	Total Project Square Feet	CBL's Share of			Expected Opening Date	Initial Unleveraged Yield
				Total Cost (1)	Cost to Date (2)	2018 YTD Cost		
Other Developments:								
EastGate Mall - CubeSmart Self-storage (3) (4)	Cincinnati, OH	50%	93,501	\$ 4,514	\$ 2,334	\$ 1,480	Summer-18	9.9%
Mid Rivers Mall - CubeSmart Self-storage (3) (4)	St. Peters, MO	50%	93,540	4,122	713	713	Fall-18	8.9%
The Shoppes at Eagle Point (5)	Cookeville, TN	50%	233,454	45,098	41,712	21,378	Fall-18	8.2%
			420,495	53,734	44,759	23,571		
Mall Redevelopments:								
Brookfield Square - Sears Redevelopment (Whirlyball/ Marcus Theatres) (6)	Brookfield, WI	100%	126,845	27,112	5,905	5,319	Spring-19	10.7%
Eastland Mall - JC Penney Redevelopment (H&M/Outback/Planet Fitness)	Bloomington, IL	100%	52,827	10,999	5,468	4,976	Fall-18	6.3%
East Towne Mall - Flix Brewhouse	Madison, WI	100%	40,795	9,966	8,689	2,816	Summer-18	8.4%
East Towne Mall - Portillo's	Madison, WI	100%	9,000	2,956	2,095	1,574	Winter-18	8.0%
Friendly Center - O2 Fitness	Greensboro, NC	50%	27,048	2,285	1,036	920	Winter-18	10.3%
Hanes Mall - Dave & Buster's	Winston-Salem, NC	100%	44,922	5,963	1,112	915	Spring-19	11.0%

Property	Location	CBL Ownership Interest	Total Project Square Feet	CBL's Share of			Expected Opening Date	Initial Unleveraged Yield
				Total Cost (1)	Cost to Date (2)	2018 YTD Cost		
Jefferson Mall - Macy's Redevelopment (Round 1)	Louisville, KY	100%	50,070	9,392	5,145	4,067	Winter-18	6.9%
Northgate Mall - Sears Auto Center Redevelopment (Aubrey's/Panda Express)	Chattanooga, TN	100%	7,500	1,797	636	455	Winter-18	7.6%
Volusia Mall - Sears Auto Center Redevelopment (Bonefish Grill/Metro Diner)	Daytona Beach, FL	100%	23,341	9,632	3,632	2,504	Winter-18	8.2%
			382,348	80,102	33,718	23,546		
Total Properties Under Development			802,843	\$ 133,836	\$ 78,477	\$ 47,117		

(1) Total Cost is presented net of reimbursements to be received.

(2) Cost to Date does not reflect reimbursements until they are received.

(3) Yield is based on the expected yield of the stabilized project.

(4) Outparcel development adjacent to the mall.

(5) We will fund 100% of the required equity contribution so costs in the above table are shown at 100%. A portion of the community center project will be funded through a construction loan with a total borrowing capacity of \$36,400.

(6) The return reflected represents a pro forma incremental return as Total Cost excludes the cost related to the acquisition of the Sears building in 2017.

Construction is in progress on the first phase of redevelopment of the former Sears building at Brookfield Square, which includes new dining and entertainment options such as the BistroPlex dine-in movie experience from Marcus Theaters and Whirlyball entertainment center. In July, we completed the sale of a portion of the Sears parcel to the city for the development of a hotel and convention center.

Except for the projects presented above, we do not have any other material capital commitments as of June 30, 2018.

Off-Balance Sheet Arrangements

Unconsolidated Affiliates

We have ownership interests in 18 unconsolidated affiliates as of June 30, 2018 that are described in [Note 6](#) to the condensed consolidated financial statements. The unconsolidated affiliates are accounted for using the equity method of accounting and are reflected in the condensed consolidated balance sheets as investments in unconsolidated affiliates.

The following are circumstances when we may consider entering into a joint venture with a third party:

- Third parties may approach us with opportunities in which they have obtained land and performed some pre-development activities, but they may not have sufficient access to the capital resources or the development and leasing expertise to bring the project to fruition. We enter into such arrangements when we determine such a project is viable and we can achieve a satisfactory return on our investment. We typically earn development fees from the joint venture and provide management and leasing services to the property for a fee once the property is placed in operation.
- We determine that we may have the opportunity to capitalize on the value we have created in a property by selling an interest in the property to a third party. This provides us with an additional source of capital that can be used to develop or acquire additional real estate assets that we believe will provide greater potential for growth. When we retain an interest in an asset rather than selling a 100% interest, it is typically because this allows us to continue to manage the property, which provides us the ability to earn fees for management, leasing, development and financing services provided to the joint venture.

Guarantees

We may guarantee the debt of a joint venture primarily because it allows the joint venture to obtain funding at a lower cost than could be obtained otherwise. This results in a higher return for the joint venture on its investment, and a higher return on our investment in the joint venture. We may receive a fee from the joint venture for providing the guaranty. Additionally, when we issue a guaranty, the terms of the joint venture agreement typically provide that we may receive indemnification from the joint venture or have the ability to increase our ownership interest.

See [Note 11](#) to the condensed consolidated statements for information related to our guarantees of unconsolidated affiliates' debt as of June 30, 2018 and December 31, 2017.

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the financial statements and disclosures. Some of these estimates and assumptions require application of difficult, subjective, and/or complex judgment about the effect of matters that are inherently uncertain and that may change in subsequent periods. We evaluate our estimates and assumptions on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Our Annual Report on Form 10-K for the year ended December 31, 2017 contains a discussion of our critical accounting policies and estimates in the Management's Discussion and Analysis of Financial Condition and Results of Operations section. There have been no material changes to these policies and estimates during the six months ended June 30, 2018. Our significant accounting policies are disclosed in Note 2 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.

Recent Accounting Pronouncements

See [Note 2](#) to the condensed consolidated financial statements for information on recently issued accounting pronouncements.

Impact of Inflation and Deflation

Deflation can result in a decline in general price levels, often caused by a decrease in the supply of money or credit. The predominant effects of deflation are high unemployment, credit contraction and weakened consumer demand. Restricted lending practices could impact our ability to obtain financings or refinancings for our properties and our tenants' ability to obtain credit. Decreases in consumer demand can have a direct impact on our tenants and the rents we receive.

During inflationary periods, substantially all of our tenant leases contain provisions designed to mitigate the impact of inflation. These provisions include clauses enabling us to receive percentage rent based on tenants' gross sales, which generally increase as prices rise, and/or escalation clauses, which generally increase rental rates during the terms of the leases. In addition, many of the leases are for terms of less than ten years, which may provide us the opportunity to replace existing leases with new leases at higher base and/or percentage rent if rents of the existing leases are below the then existing market rate. Most of the leases require the tenants to pay a fixed amount, subject to annual increases, for their share of operating expenses, including CAM, real estate taxes, insurance and certain capital expenditures, which reduces our exposure to increases in costs and operating expenses resulting from inflation.

Non-GAAP Measure

Funds from Operations

FFO is a widely used non-GAAP measure of the operating performance of real estate companies that supplements net income (loss) determined in accordance with GAAP. NAREIT defines FFO as net income (loss) (computed in accordance with GAAP) excluding gains or losses on sales of depreciable operating properties and impairment losses of depreciable properties, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures and noncontrolling interests. Adjustments for unconsolidated partnerships, joint ventures and noncontrolling interests are calculated on the same basis. We define FFO as defined above by NAREIT less dividends on preferred stock of the Company or distributions on preferred units of the Operating Partnership, as applicable. Our

method of calculating FFO may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

We believe that FFO provides an additional indicator of the operating performance of our properties without giving effect to real estate depreciation and amortization, which assumes the value of real estate assets declines predictably over time. Since values of real estate assets have historically risen or fallen with market conditions, we believe that FFO, which excludes historical cost depreciation and amortization, enhances investors' understanding of our operating performance. The use of FFO as an indicator of financial performance is influenced not only by the operations of our properties and interest rates, but also by our capital structure.

We present both FFO allocable to Operating Partnership common unitholders and FFO allocable to common shareholders, as we believe that both are useful performance measures. We believe FFO allocable to Operating Partnership common unitholders is a useful performance measure since we conduct substantially all of our business through our Operating Partnership and, therefore, it reflects the performance of the properties in absolute terms regardless of the ratio of ownership interests of our common shareholders and the noncontrolling interest in our Operating Partnership. We believe FFO allocable to common shareholders is a useful performance measure because it is the performance measure that is most directly comparable to net income (loss) attributable to common shareholders.

In our reconciliation of net income (loss) attributable to common shareholders to FFO allocable to Operating Partnership common unitholders that is presented below, we make an adjustment to add back noncontrolling interest in income (loss) of our Operating Partnership in order to arrive at FFO of the Operating Partnership common unitholders. We then apply a percentage to FFO of the Operating Partnership common unitholders to arrive at FFO allocable to common shareholders. The percentage is computed by taking the weighted-average number of common shares outstanding for the period and dividing it by the sum of the weighted-average number of common shares and the weighted-average number of Operating Partnership units held by noncontrolling interests during the period.

FFO does not represent cash flows from operations as defined by GAAP, is not necessarily indicative of cash available to fund all cash flow needs and should not be considered as an alternative to net income (loss) for purposes of evaluating our operating performance or to cash flow as a measure of liquidity.

The Company believes that it is important to identify the impact of certain significant items on its FFO measures for a reader to have a complete understanding of the Company's results of operations. Therefore, the Company has also presented adjusted FFO measures excluding these significant items from the applicable periods. Please refer to the reconciliation of net income (loss) attributable to common shareholders to FFO allocable to Operating Partnership common unitholders below for a description of these adjustments.

FFO of the Operating Partnership decreased 20.6% to \$92.1 million for the three months ended June 30, 2018 as compared to \$116.1 million for the prior-year period, and decreased 21.4% to \$175.0 million for the six months ended June 30, 2018 as compared to \$222.7 million for the prior-year period. Excluding the adjustments noted below, FFO of the Operating Partnership, as adjusted, decreased 7.0% for the three months ended June 30, 2018 to \$92.8 million compared to \$99.7 million for the same period in 2017, and decreased 12.9% to \$176.6 million for the six months ended June 30, 2018 as compared to \$202.7 million for the prior-year period. The decrease in FFO, as adjusted, was primarily driven by lower property-level NOI resulting from lower occupancy and tenant bankruptcies, which was partially offset by declines in abandoned projects costs, net interest expense and general and administrative expense.

The reconciliation of net income (loss) attributable to common shareholders to FFO allocable to Operating Partnership common unitholders is as follows (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income (loss) attributable to common shareholders	\$ (35,020)	\$ 30,173	\$ (45,340)	\$ 53,065
Noncontrolling interest in income (loss) of Operating Partnership	(5,685)	5,093	(7,350)	8,783
Depreciation and amortization expense of:				
Consolidated properties	73,566	82,509	145,316	153,729
Unconsolidated affiliates	10,338	9,357	20,739	18,900
Non-real estate assets	(917)	(792)	(1,838)	(1,656)
Noncontrolling interests' share of depreciation and amortization	(2,122)	(2,642)	(4,288)	(4,621)
Loss on impairment, net of taxes	51,983	43,183	70,044	45,250

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Gain on depreciable property, net of taxes and noncontrolling interests' share	—	(50,797)	(2,236)	(50,756)
FFO allocable to Operating Partnership common unitholders	92,143	116,084	175,047	222,694
Litigation expenses (1)	—	9	—	52
Nonrecurring professional fees expense (reimbursement) (1)	—	6	—	(919)
(Gain) loss on investments, net of taxes (2)	(287)	5,843	(287)	5,843
Non-cash default interest expense (3)	916	1,187	1,832	2,494
Gain on extinguishment of debt, net of noncontrolling interests' share (4)	—	(23,395)	—	(27,450)
FFO allocable to Operating Partnership common unitholders, as adjusted	\$ 92,772	\$ 99,734	\$ 176,592	\$ 202,714
FFO per diluted share	\$ 0.46	\$ 0.58	\$ 0.88	\$ 1.12
FFO, as adjusted, per diluted share	\$ 0.46	\$ 0.50	\$ 0.88	\$ 1.02
Weighted-average common and potential dilutive common shares outstanding with Operating Partnership units fully converted	199,767	199,371	199,731	199,326

- (1) Litigation expense and nonrecurring professional fees expense are included in general and administrative expense in the accompanying condensed consolidated statements of operations. Nonrecurring professional fees reimbursement is included in interest and other income in the accompanying condensed consolidated statements of operations.
- (2) The three months and six months ended June 30, 2018 includes a gain on investment related to the land we contributed to the Self Storage at Mid Rivers 50/50 joint venture. The three months and six months ended June 30, 2017 includes a loss on investment related to the write down of our 25% interest in River Ridge Mall based on the contract price to sell such interest to its joint venture partner. The sale closed in August 2017.
- (3) The three months and six months ended June 30, 2018 includes default interest expense related to Acadiana Mall. The three months and six months ended June 30, 2017 includes default interest expense related to Wausau Center and Chesterfield Mall. The six months ended June 30, 2017 also includes default interest expense related to Midland Mall.
- (4) The three months and six months ended June 30, 2017 primarily represents gain on extinguishment of debt related to the non-recourse loan secured by Chesterfield Mall, which was conveyed to the lender in the second quarter of 2017. The three months and six months ended June 30, 2017 also includes loss on extinguishment of debt related to a prepayment fee on the early retirement of the loans secured by The Outlet Shoppes at Oklahoma City, which was sold in April 2017. The six months ended June 30, 2017 also includes gain on extinguishment of debt related to the non-recourse loan secured by Midland Mall, which was conveyed to the lender in the first quarter of 2017.

The reconciliation of diluted EPS to FFO per diluted share is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Diluted EPS attributable to common shareholders	\$ (0.20)	\$ 0.18	\$ (0.26)	\$ 0.31
Eliminate amounts per share excluded from FFO:				
Depreciation and amortization expense, including amounts from consolidated properties, unconsolidated affiliates, non-real estate assets and excluding amounts allocated to noncontrolling interests	0.40	0.44	0.80	0.83
Loss on impairment, net of taxes	0.26	0.22	0.35	0.23
Gain on depreciable property, net of taxes and noncontrolling interests' share	—	(0.26)	(0.01)	(0.25)
FFO per diluted share	\$ 0.46	\$ 0.58	\$ 0.88	\$ 1.12

The reconciliations of FFO allocable to Operating Partnership common unitholders to FFO allocable to common shareholders, including and excluding the adjustments noted above, are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
FFO allocable to Operating Partnership common unitholders	\$ 92,143	\$ 116,084	\$ 175,047	\$ 222,694
Percentage allocable to common shareholders (1)	86.43%	85.82%	86.27%	85.81%
FFO allocable to common shareholders	\$ 79,639	\$ 99,623	\$ 151,013	\$ 191,094
FFO allocable to Operating Partnership common unitholders, as adjusted	\$ 92,772	\$ 99,734	\$ 176,592	\$ 202,714
Percentage allocable to common shareholders (1)	86.43%	85.82%	86.27%	85.81%
FFO allocable to common shareholders, as adjusted	\$ 80,183	\$ 85,592	\$ 152,346	\$ 173,949

(1) Represents the weighted-average number of common shares outstanding for the period divided by the sum of the weighted-average number of common shares and the weighted-average number of Operating Partnership units held by noncontrolling interests during the period.

ITEM 3: Quantitative and Qualitative Disclosures About Market Risk

We are exposed to various market risk exposures, including interest rate risk. The following discussion regarding our risk management activities includes forward-looking statements that involve risk and uncertainties. Estimates of future performance and economic conditions are reflected assuming certain changes in interest rates. Caution should be used in evaluating our overall market risk from the information presented below, as actual results may differ.

Interest Rate Risk

Based on our proportionate share of consolidated and unconsolidated variable-rate debt at June 30, 2018, a 0.5% increase or decrease in interest rates on variable-rate debt would decrease or increase annual cash flows by approximately \$5.8 million and increase or decrease annual interest expense, after the effect of capitalized interest, by approximately \$5.7 million.

Based on our proportionate share of total consolidated and unconsolidated debt at June 30, 2018, a 0.5% increase in interest rates would decrease the fair value of debt by approximately \$41.0 million, while a 0.5% decrease in interest rates would increase the fair value of debt by approximately \$94.0 million.

ITEM 4: Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this quarterly report, an evaluation was performed under the supervision of our Chief Executive Officer and Chief Financial Officer and with the participation of our management, of the effectiveness of the design and operation of the Company's and the Operating Partnership's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's and the Operating Partnership's disclosure controls and procedures are effective to ensure that information that the Company and the Operating Partnership are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and to ensure that information we are required to disclose is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

In conjunction with the implementation of ASC 606, *Revenue from Contracts with Customers*, which was adopted on January 1, 2018, we modified some revenue recognition processes and related control activities based on the five-step model provided in the new revenue standard. We do not expect the adoption of this guidance to have a material impact on our results of operations as most of the Company's revenues are related to leasing which is not under the scope of ASC 606. There have been no other changes in the Company's or the Operating Partnership's internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1: Legal Proceedings

We are currently involved in certain litigation that arises in the ordinary course of business, most of which is expected to be covered by liability insurance. Based on current expectations, such matters, both individually and in the aggregate, are not expected to have a material adverse effect on our liquidity, results of operations, business or financial condition.

ITEM 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risks that could materially affect our business, financial condition or results of operations that are discussed under the caption "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2017. There have been no material changes to such risk factors since the filing of our Annual Report.

ITEM 2: Unregistered Sales of Equity Securities and Use of Proceeds

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share (2)	Total Number of Shares Purchased as Part of a Publicly Announced Plan	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan
April 1 – 30, 2018	—	\$ —	—	\$ —
May 1 - 31, 2018	96	4.44	—	—
June 1 - 30, 2018	—	—	—	—
Total	96	\$ 4.44	—	\$ —

(1) Represents shares surrendered to the Company by employees to satisfy federal and state income tax requirements related to the vesting of shares of restricted stock.

(2) Represents the market value of the common stock on the vesting date for the shares of restricted stock, which was used to determine the number of shares required to be surrendered to satisfy income tax withholding requirements.

Operating Partnership Units

The Operating Partnership elected to pay \$1.2 million and \$1.0 million in cash to a holder of 272,120 and a holder of 254,390 common units of limited partnership interest in the Operating Partnership in May 2018 and June 2018, respectively, upon the exercise of each holder's conversion rights.

There is no established public trading market for the Operating Partnership's common units and they are not registered under Section 12 of the Securities Exchange Act of 1934. Each limited partner in the Operating Partnership has the right to exchange all or a portion of its common units for shares of the Company's common stock, or at the Company's election, their cash equivalent.

ITEM 3: Defaults Upon Senior Securities

None.

ITEM 4: Mine Safety Disclosures

Not applicable.

ITEM 5: Other Information

None.

ITEM 6: Exhibits

INDEX TO EXHIBITS

Exhibit Number	Description
3.3	Amendment to the Third Amended and Restated Bylaws of CBL & Associates Properties, Inc., Effective June 22, 2018 (1)
3.4	Third Amended and Restated Bylaws of CBL & Associates Properties, Inc., as amended through June 22, 2018
12.1	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends of CBL & Associates Properties, Inc.
12.2	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends of CBL & Associates Limited Partnership
12.3	Computation of Ratio of Earnings to Fixed Charges of CBL & Associates Properties, Inc.
12.4	Computation of Ratio of Earnings to Fixed Charges of CBL & Associates Limited Partnership
31.1	Certification pursuant to Securities Exchange Act Rule 13a-14(a) by the Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Properties, Inc.
31.2	Certification pursuant to Securities Exchange Act Rule 13a-14(a) by the Chief Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Properties, Inc.
31.3	Certification pursuant to Securities Exchange Act Rule 13a-14(a) by the Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Limited Partnership
31.4	Certification pursuant to Securities Exchange Act Rule 13a-14(a) by the Chief Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Limited Partnership
32.1	Certification pursuant to Securities Exchange Act Rule 13a-14(b) by the Chief Executive Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Properties, Inc.
32.2	Certification pursuant to Securities Exchange Act Rule 13a-14(b) by the Chief Financial Officer as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Properties, Inc.
32.3	Certification pursuant to Securities Exchange Act Rule 13a-14(b) by the Chief Executive Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Limited Partnership
32.4	Certification pursuant to Securities Exchange Act Rule 13a-14(b) by the Chief Financial Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Limited Partnership
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

(1) Incorporated by reference from the Company's Current Report on Form 8-K, dated June 22, 2018 and filed on June 28, 2018. Commission File No. 1-12494 and 333-182515-01

SIGNATURES

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

CBL & ASSOCIATES PROPERTIES, INC.

/s/ Farzana Khaleel

Farzana Khaleel
Executive Vice President -
Chief Financial Officer and Treasurer
(Authorized Officer and Principal Financial Officer)

CBL & ASSOCIATES LIMITED PARTNERSHIP

By: CBL HOLDINGS I, INC., its general partner

/s/ Farzana Khaleel

Farzana Khaleel
Executive Vice President -
Chief Financial Officer and Treasurer
(Authorized Officer and Principal Financial Officer)

Date: August 9, 2018

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Section 2: EX-3.4 (EXHIBIT 3.4)

Exhibit 3.4

Amended and Restated February 11, 2016
As Further Amended June 22, 2018

**THIRD AMENDED AND RESTATED
BYLAWS
OF
CBL & ASSOCIATES PROPERTIES, INC.**

Incorporated under the Laws of the State of Delaware

ARTICLE I

OFFICES AND RECORDS

Section 1.1. Delaware Office. The principal office of the Corporation in the State of Delaware shall be located in the City of Wilmington, County of New Castle, and the name and address of its registered agent is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware.

Section 1.2. Other Offices. The Corporation may have such other offices, either within or without the State of Delaware, as the Board of Directors may designate or as the business of the Corporation may from time to time require.

Section 1.3. Books and Records. The books and records of the Corporation may be kept outside the State of Delaware at such place or places as may from time to time be designated by the Board of Directors.

ARTICLE II

STOCKHOLDERS

Section 2.1. Annual Meeting. The annual meeting of the stockholders of the Corporation shall be held on May 15 of each year, if not a legal holiday, and if a legal holiday then on the next succeeding business day, at 10:00 a.m., local time, at the principal executive offices of the Corporation, or at such other date, place and/or time as may be fixed by, resolution of the Board of Directors.

Section 2.2. Special Meeting. Subject to the rights of the holders of any series of preferred stock, par value \$.01 per share, of the Corporation (the "Preferred Stock") to elect additional directors under specified circumstances, if any, special meetings of the stockholders may be called by the Chairman of the Board or by the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors which the Corporation would have if there were no vacancies (the "Whole Board") and shall be called by the Chairman of the Board, the Chief Executive Officer or the President at the request of the holders of 25% of the outstanding shares of the Corporation entitled to vote.

Section 2.3. Place of Meeting. The Board of Directors may designate the place of meeting for any meeting of the stockholders. If no designation is made by the Board of Directors, the place of meeting shall be the principal office of the Corporation.

Section 2.4. Notice of Meeting. Written or printed notice, stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be prepared and delivered by the Corporation not less than ten days nor more than sixty days before the date of the meeting, either personally, or by mail, to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at his address as it appears on the stock transfer books of the Corporation. Such further notice shall be given as may be required by law. Meetings may be held without notice if all stockholders entitled to vote are present, or if notice is waived by those not present. Any previously scheduled meeting of the stockholders may be postponed by resolution of the Board of Directors upon public notice given prior to the date previously scheduled for such meeting of stockholders.

Section 2.5. Quorum and Adjournment. Except as otherwise provided by law or by the Certificate of Incorporation of the Corporation, as amended from time to time (the "Certificate of Incorporation"), the holders of a majority of the outstanding shares of the Corporation entitled to vote generally in the election of directors (the "Voting Stock"), represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series voting as a class, the holders of a majority of the shares of such class or series shall constitute a quorum for the transaction of such business. The chairman of the meeting or a majority of the shares so represented may adjourn the meeting from time to time, whether or not there is such a quorum. No notice of the time and place of adjourned meetings need be given except as required by law. The stockholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 2.6. Proxies. At all meetings of stockholders, a stockholder may vote by proxy executed in writing by the stockholder, or by his duly authorized attorney-in-fact. Such proxy must be filed with the Secretary of the Corporation or his representative at or before the time of the meeting.

Section 2.7. Notice of Stockholder Business and Nominations.

(A) Annual Meetings of Stockholders.

(1) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation's notice of meeting delivered pursuant to Section 2.4 of these Bylaws, (b) by or at the direction of the Board of Directors, (c) in the case of proposed business, by or at the direction of the Chairman of the Board of Directors, unless a majority of the directors then in office object to such business being conducted at the meeting, or (d) by any stockholder of the Corporation who is entitled to vote at the meeting, who complied with the notice procedures set forth in clauses (2), (3) and (4) of this paragraph (A) of this Section 2.7 and who was a stockholder of record both at the time such notice is delivered to the Secretary of the Corporation and at the time of the annual meeting who is entitled to vote at the meeting in the election of each individual so nominated or on the

proposal of other business, as the case may be. Clause (d) of the preceding sentence shall be the exclusive means for a stockholder to make nominations or submit other business before an annual meeting of stockholders (other than as provided in Paragraph (C)(5) of this Section 2.7 or, in the case of nominations for election to the Board of Directors, as provided in the proxy access provisions of paragraphs (B) through (M) of Section 2.8) and, for the avoidance of doubt, shall be applicable to nominations or proposals contained in proxy statements prepared and furnished by or on behalf of any stockholder.

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (d) of paragraph (A)(1) of this Section 2.7, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must otherwise be a proper matter for action by the stockholders at the meeting. To be timely, a stockholder's notice shall set forth all information required under this Section 2.7 and shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the one hundred twentieth (120th) day nor later than the close of business on the ninetieth (90th) day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than thirty (30) days or delayed by more than sixty (60) days from such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. The public announcement of a postponement or adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(3) Such stockholder's notice shall set forth:

(a) as to each person whom the stockholder proposes to nominate for election or reelection as a director (each, a "Proposed Nominee"),

(i) the name, age, business address and residence address of each Proposed Nominee,

(ii) the principal occupation or employment of each Proposed Nominee,

(iii) the number of shares of capital stock of the Corporation which are owned of record and beneficially by each Proposed Nominee, if any,

(iv) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder and, if applicable, the beneficial owner of the shares held of record by such stockholder (the "Beneficial Owner"), if any, and their respective affiliates, or others acting in concert therewith, on the one hand, and each Proposed Nominee, and such persons' respective affiliates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Item 404 of SEC Regulation S-K if the stockholder making the nomination and any Beneficial Owner, if any, or any affiliate thereof or person acting in

concert therewith, were the “registrant” for purposes of such rule and the Proposed Nominee were a director or executive officer of such registrant,

(v) all other information relating to each Proposed Nominee that would be required to be disclosed in connection with the solicitations of proxies for the election of the Proposed Nominee as a director in an election contest (even if an election contest is not involved), or as would otherwise required in connection with such solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and the rules and regulations thereunder, including the Proposed Nominee’s written consent to being named in the proxy statement as a nominee and to serving as a director if elected, and

(vi) the information required by Section 2.7(A)(3)(c).

The Corporation may require any Proposed Nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder’s understanding of the independence, or lack thereof, of such Proposed Nominee.

(b) as to any other business that the stockholder proposes to bring before the meeting, a description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, any material interest in such business of such stockholder, any Proposed Nominee of such stockholder or any Stockholder Associated Person (as defined below), individually or in the aggregate, including any anticipated benefit to the stockholder, the Proposed Nominee of such stockholder or the Stockholder Associated person, and the information required by Section 2.7(A)(3)(c); and

(c) as to the stockholder giving the notice, any Proposed Nominee and any Stockholder Associated Person,

(i) the name and address of such stockholder, as they appear on the Corporation’s books, and the current name, business address, if different, and residence address of each such Stockholder Associated Person and any Proposed Nominee,

(ii) the class, series and number of shares of the Corporation which are owned of record by such stockholder, Stockholder Associated Person and Proposed Nominee,

(iii) the nominee holder for, and number of, any shares of any class or series of the Corporation which are owned beneficially but not of record by such stockholder, Stockholder Associated Person and Proposed Nominee,

(iv) a description of any agreement, arrangement or understanding with respect to the nomination or proposal between or among such stockholder, Stockholder Associated Person, Proposed Nominee, any of their respective affiliates or associates, and any others acting in concert with any of the foregoing, as well as, to the extent known by the stockholder giving the notice, the name and address of any other stockholder

supporting the Proposed Nominee or the proposal of such other business on the date of such stockholder's notice,

(v) a description of any proxy, relationship, agreement, arrangement and/or understanding (including any derivative or short positions, convertible security, profit interests, options, warrants, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares, in each case whether settled in shares or cash) that has or have been entered into by, or on behalf of, such stockholder, Stockholder Associated Person and/or Proposed Nominee, directly or indirectly (through brokers, nominees or otherwise), the effect or intent of which is to mitigate loss to, or to manage risk or benefit from any change in the market price for (including any performance-related fees), or increase or decrease the voting power of, such stockholder, Stockholder Associated Person and/or Proposed Nominee, with respect to shares of stock of the Corporation,

(vi) a description of any agreement, arrangement or understanding between or among such stockholder, Stockholder Associated Person and/or Proposed Nominee and any other person relating to acquiring, holding, voting or disposing of any shares of stock of the Corporation,

(vii) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to proposed such business or nomination,

(viii) a representation whether the stockholder or Stockholder Associated Person, if any, intends or is part of a group which intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the Proposed Nominee and/or otherwise to solicit proxies from stockholders in support of such proposal or nomination, and

(ix) any other information as reasonably requested by the Corporation.

(4) Notwithstanding anything in the second sentence of paragraph (A)(2) of this Section 2.7 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least seventy (70) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 2.7(A) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(B) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting pursuant to Section 2.4 of these Bylaws. Nominations of persons for election to the Board of Directors may be made at a special

meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (1) by or at the direction of the Board of Directors or (2) by any stockholder of the Corporation who is entitled to vote at the meeting, who complies with the notice procedures set forth in this Section 2.7 and who is a stockholder of record at the time such notice is delivered to the Secretary of the Corporation and at the time of the special meeting who is entitled to vote at the meeting in the election of each individual so nominated. Nominations by stockholders of persons for election to the Board of Directors may be made at such a special meeting of stockholders if the stockholder's notice required by paragraph (A) of this Section 2.7 shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The public announcement of a postponement or adjournment of a special meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(C) General.

(1) Only persons who are nominated in accordance with the procedures set forth in this Section 2.7 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.7. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Bylaw, and, if any proposed nomination or business is not in compliance with this Bylaw, to declare that such defective proposal or nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 2.7, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or proposed business, such nomination shall be disregarded or such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation.

(2) A stockholder providing notice of a proposed nomination for election to the Board of Directors or other business proposed to be brought before an annual or special meeting shall update and supplement such notice from time to time to the extent necessary so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting and as of the date that is fifteen (15) days prior to the meeting or any adjournment or postponement thereof; such update and supplement shall be delivered in writing to the Secretary at the principal executive offices of the Corporation not later than five (5) days after the record date for the meeting (in the case of any update and supplement required to be made as of the record date), and not later than ten (10) days prior to the date for the meeting or any adjournment or postponement thereof (in the case of any update and supplement required to be made as of fifteen (15) days prior to the meeting or any adjournment or postponement thereof).

(3) For purposes of this Section 2.7, “public announcement” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(4) For purposes of this Section 2.7, “Stockholder Associated Person” of any stockholder means (a) any person acting in concert with such stockholder, (b) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder (other than a stockholder that is a depository) and (c) any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such stockholder or such Stockholder Associated Person.

(5) Notwithstanding the foregoing provisions of this Section 2.7, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.7; provided, however, that any references in this Section 2.7 to the Exchange Act or the rules or regulations thereunder are not intended to and shall not limit the requirements applicable to nominations or proposals as to any business to be considered. Nothing in this Bylaw shall be deemed to affect any rights of stockholders to request inclusion of proposals in, or the right of the Corporation to omit a proposal from, the Corporation’s proxy statement pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act. Nothing in this Section 2.7 shall require disclosure of revocable proxies received by the stockholder or Stockholder Associated Person pursuant to a solicitation of proxies after the filing of an effective Schedule 14A under Section 14(a) of the Exchange Act.

Section 2.8. Procedure for Election of Directors.

(A) Election of directors at all meetings of the stockholders at which directors are to be elected shall be by written ballot, and, except as otherwise set forth in any Preferred Stock Designation (as defined in Article IV of the Certificate of Incorporation) with respect to the right, if any, of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, a plurality of the votes cast thereat shall elect.

(B) Subject to the terms and conditions of these Bylaws and the Certificate of Incorporation, in connection with an annual meeting of stockholders at which directors are to be elected, the Corporation will include in its proxy statement and on its form of proxy (in addition to the persons nominated for election by the Board of Directors or any committee thereof) the name of a Proposed Nominee for election to the Board of Directors submitted pursuant to paragraphs (B) through (M) of this Section 2.8, and will include in its proxy statement information relating to the Proposed Nominee (the “Required Information,” as defined below), if (i) the Proposed Nominee satisfies the eligibility requirements in this Section 2.8, (ii) the Proposed Nominee is identified in a notice (the “Stockholder Notice”) that is timely and delivered in accordance with this Section 2.8 by or on behalf of an Eligible Stockholder (as defined below), (iii) the Eligible Stockholder expressly elects at the time of the delivery of the Stockholder Notice to have the Proposed Nominee included in the Corporation’s proxy materials, and (iv) the additional requirements of these Bylaws are satisfied.

(C) To qualify as an “Eligible Stockholder,” a stockholder or beneficial owner (or group of stockholders or beneficial owners, as provided below) must (i) Own and have Owned, continuously for at least three (3) years as of the date of the Stockholder Notice, a number of shares that represents at least three percent (3%) of the outstanding shares of the Voting Stock as of the date of the Stockholder Notice (the “Required Shares”), and (ii) thereafter continue to own such Required Shares through such annual meeting of stockholders. For purposes of this Section 2.8, “Voting Stock” shall mean the capital stock of the Corporation generally entitled to vote in the election of directors. For purposes of satisfying the ownership requirements of this Section 2.8(C), a group of no more than twenty (20) stockholders and/or beneficial owners may aggregate the shares of Voting Stock that each stockholder and/or beneficial owner has Owned continuously for at least three (3) years as of the date of the Stockholder Notice. No stockholder or beneficial owner, alone or together with any of its affiliates, may be a member of more than one group of stockholders constituting an Eligible Stockholder under this Section 2.8 with respect to the same annual meeting. A group of funds that are (i) under common management and investment control, or (ii) a “group of investment companies,” as such term is defined in Section 12(d)(1)(G)(ii) of the Investment Company Act of 1940, as amended, shall, for this purpose, be treated as one stockholder or beneficial owner. Whenever an Eligible Stockholder consists of a group of stockholders and/or beneficial owners, any and all requirements and obligations for an Eligible Stockholder set forth in this Section 2.8 must be satisfied by each such stockholder or beneficial owner, except that shares may be aggregated as specified in this Section 2.8(C) and except as otherwise provided in this Section 2.8.

(D) For purposes of this Section 2.8:

- (1) A stockholder or beneficial owner shall be deemed to “Own” only those outstanding shares of Voting Stock as to which such person possesses both (a) the full voting and investment rights pertaining to the shares and (b) the full economic interest in (including the opportunity for profit and risk of loss on) such shares; provided that the number of shares calculated in accordance with clauses (a) and (b) shall not include any shares (i) sold by such person or any of its affiliates in any transaction that has not been settled or closed, including any short sale, (ii) borrowed by such person or any of its affiliates for any purposes or purchased by such person or any of its affiliates pursuant to an agreement to resell, or (iii) subject to any option, warrant, forward contract, swap, contract of sale, or other derivative or similar agreement entered into by such person or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of outstanding shares of Voting Stock, in any such case which instrument or agreement has, or is intended to have, or if exercised would have, the purpose or effect of (x) reducing in any manner, to any extent or at any time in the future, such person’s or its affiliates’ full right to vote or direct the voting of any such shares, and/or (y) hedging, offsetting, or altering to any degree any gain or loss arising from the full economic ownership of such shares by such person or its affiliate. The terms “Owned,” “Owning” and other variations of the word “Own,” when used with respect to a stockholder or beneficial owner, shall have correlative meanings.

- (2) A stockholder or beneficial owner shall “Own” shares held in the name of a nominee or other intermediary so long as the person retains the exclusive right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. The person’s Ownership of shares shall be deemed to continue during any period in which the person has delegated any voting power by means of a proxy, power of attorney, or other instrument or arrangement that is revocable at any time by the person.
- (3) A stockholder or beneficial owner’s Ownership of shares shall be deemed to continue during any period in which the person has loaned such shares provided that the person (A) both has the power to recall such loaned shares on five business days’ notice and recalls the loaned shares within five business days of being notified that its Proposed Nominee will be included in the Corporation’s proxy materials for the relevant annual meeting, and (B) holds the recalled shares through the annual meeting.

(E) For purposes of this Section 2.8, the “Required Information” that the Corporation will include in its proxy statement is:

- (1) the information concerning each Proposed Nominee and the Eligible Stockholder that, as determined by the Corporation, is required to be disclosed in the Corporation’s proxy statement by the applicable requirements of the Exchange Act and the rules and regulations thereunder, and
- (2) if the Eligible Stockholder so elects, a written statement of the Eligible Stockholder (or, in the case of a group, a written statement of the group), not to exceed five-hundred (500) words, in support of each Proposed Nominee, which must be provided at the same time as the Stockholder Notice for inclusion in the Corporation’s proxy statement for the annual meeting (the “Statement”).

Notwithstanding anything to the contrary contained in this Section 2.8, the Corporation may omit from its proxy materials any information or Statement that it, in good faith, believes is untrue in any material respect (or omits a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading) or would violate any applicable law, rule, regulation or listing standard. Nothing in this Section 2.8 shall limit the Corporation’s ability to solicit against and include in its proxy materials its own statements relating to any Eligible Stockholder or Proposed Nominee.

(F) Within the time period specified herein, the Stockholder Notice shall be delivered by or on behalf of an Eligible Stockholder and shall set forth all information, representations and agreements required under Section 2.7(A)(3) above (and for such purposes, references therein to “stockholder,” “Beneficial Owner” and “Stockholder Associated Person,” if any, on whose behalf the nomination is made shall be deemed to refer to such “Eligible Stockholder”), and in addition such Stockholder Notice shall include:

- (1) a copy of the Schedule 14N that has been or is being concurrently is filed with the SEC under the Exchange Act,

- (2) a statement setting forth and certifying to the number of shares of Voting Stock the Eligible Stockholder Owns and has Owned (as defined in paragraph (D) of this Section 2.8 of these Bylaws) continuously for at least three years as of the date of the Stockholder Notice and agreeing to continue to Own such shares through the annual meeting and stating whether it intends to maintain Ownership of the Required Shares for at least one year following the annual meeting, which statements shall also be included in the Schedule 14N filed with the SEC,
- (3) the written agreement of the Eligible Stockholder addressed to the Corporation, setting forth the following additional agreements, representations, and warranties:
 - (a) it will provide (i) the information required under Section 2.7(A)(3) as of the date of the Stockholder Notice (to be updated, if requested by the Corporation, as of the record date for the annual meeting), (ii) notification in writing verifying the Eligible Stockholder's continuous Ownership of the Required Shares as of the date of the Stockholder Notice (to be updated, if requested by the Corporation, to confirm the Eligible Stockholder's aggregate Ownership as of the record date for the annual meeting), and (3) immediate notice to the Corporation if the Eligible Stockholder ceases to own any of such Required Shares prior to the annual meeting of stockholders,
 - (b) it (i) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control at the Corporation, and does not presently have any such intent, and (ii) has not nominated and will not nominate for election to the Board of Directors at the annual meeting any person other than the Proposed Nominee(s) being nominated pursuant to this Section 2.8, and
 - (c) it will (i) assume all liability stemming from any legal or regulatory violation arising out of the Eligible Stockholder's communications with the stockholders of the Corporation or out of the information that the Eligible Stockholder provided to the Corporation, (ii) indemnify and hold harmless the Corporation and each of its directors, officers and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers or employees arising out of any nomination submitted by the Eligible Stockholder pursuant to this Section 2.8, (iii) comply with all laws, rules, regulations and listing standards applicable to any solicitation in connection with the annual meeting, (iv) file all materials described below in Section 2.8(H)(3) with the SEC, regardless of whether any such filing is required under Exchange Act Regulation 14A, or whether any exemption from filing is available for such materials under Exchange Act Regulation 14A,

and (v) promptly (but in all cases prior to the day of the annual meeting) provide to the Corporation such additional information as may be requested by the Corporation, and

- (d) in the case of a nomination by an Eligible Stockholder comprised of a group of stockholders, (i) the designation by all such group members of one member of the group who shall be authorized to act on behalf of all members of the group with respect to the nomination and matters related thereto, including withdrawal of the nomination, and (ii) instructing and authorizing the Corporation to rely on all actions or determinations by such authorized group member as being the authorized actions or determinations of the group.

(G) To be timely under this Section 2.8, the Stockholder Notice must be delivered or mailed to and received by the Secretary of the Corporation at the principal executive office of the Corporation not earlier than the one hundred fiftieth (150th) day nor later than 5:00 p.m., Eastern Time, on the one hundred twentieth (120th) day prior to the first anniversary of the date of the Corporation's proxy statement for its prior annual meeting of stockholders; provided, however, that in the event that the date of the annual meeting is advanced by more than thirty (30) days or delayed by more than sixty (60) days from the first anniversary of the date of the preceding year's annual meeting, the Stockholder Notice to be timely must be so delivered or mailed to and received by the Secretary not earlier than the one hundred fiftieth (150th) day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the one hundred twentieth (120th) day prior to the date of such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such annual meeting is first made. The public announcement of a postponement or an adjournment of an annual meeting shall not commence a new time for the giving of a Stockholder Notice as described above.

(H) An Eligible Stockholder must, within five (5) business days following submission of the Stockholder Notice:

- (1) provide to the Corporation one or more written statements from the record holder(s) of the Required Shares and from each intermediary through which the Required Shares are or have been held, in each case during the requisite three-year holding period, specifying the number of shares that the Eligible Stockholder Owns, and has Owned continuously in compliance with this Section 2.8, and
- (2) file with the SEC any solicitation or other communication by or on behalf of the Eligible Stockholder relating to the Corporation's annual meeting of stockholders, one or more of the Corporation's directors or director nominees or any Proposed Nominee, regardless of whether any such filing is required under Exchange Act Regulation 14A or whether any exemption from filing is available for such solicitation or other communication under Exchange Act Regulation 14A, and
- (3) provide to the Corporation documentation satisfactory to the Corporation that demonstrates that any group of funds whose shares are

aggregated for purposes of constituting an Eligible Stockholder does satisfy the requirements of the fifth sentence of Section 2.8(C).

The information provided pursuant to this Section 2.8(H) shall be deemed part of the Stockholder Notice for purposes of this Section 2.8.

(I) Within the time period and in the manner prescribed in Section 2.8(G) for delivery of the Stockholder Notice, each Proposed Nominee shall deliver a written representation and agreement to the Secretary of the Corporation, which shall be signed by each Proposed Nominee and deemed part of the Stockholder Notice for purposes of this Section 2.8, representing and agreeing that such Proposed Nominee:

- (1) consents to being named in the Corporation's proxy statement and form of proxy as a nominee and to serving as a director if elected,
- (2) is not and will not become a party to any agreement, arrangement, or understanding with, and has not given any commitment or assurance to, any person or entity as to how such Proposed Nominee, if elected as a director, will act or vote on any issue or question that has not been disclosed to the Corporation, and
- (3) is not and will not become a party to any agreement, arrangement, or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement, or indemnification in connection with candidacy or service or action as a director that has not been disclosed to the Corporation.

The Proposed Nominee must promptly (and in every case prior to the date of the annual meeting) provide to the Corporation such other information as it may request. The Corporation may request such additional information as necessary to permit the Board of Directors to determine if each Proposed Nominee satisfies the requirements of this Section 2.8.

(J) In the event that any information or communications provided by the Eligible Stockholder or any Proposed Nominees to the Corporation or its stockholders is not, when provided, or thereafter ceases to be, true, correct and complete in all material respects (including omitting a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading), each Eligible Stockholder or Proposed Nominee, as the case may be, shall promptly notify the Secretary and provide the information that is required to make such information or communication true, correct, complete and not misleading; it being understood that providing any such notification shall not be deemed to cure any defect or limit the Corporation's right to omit a Proposed Nominee from its proxy materials as provided in Section 2.8.

(K) Notwithstanding anything to the contrary contained in this Section 2.8, the Corporation may omit from its proxy materials any Proposed Nominee, and such nomination shall be disregarded and no vote on such Proposed Nominee will occur, notwithstanding that proxies in respect of such vote may have been received by the Corporation, if:

- (1) the Eligible Stockholder or Proposed Nominee breaches any of its respective agreements, representations, or warranties set forth in the Stockholder Notice (or otherwise submitted pursuant to this Section 2.8), any of the information in the Stockholder Notice (or otherwise submitted pursuant to this Section 2.8) was not, when provided, true, correct and complete, or the requirements of this Section 2.8 have otherwise not been met,
- (2) the Proposed Nominee (a) is not deemed to be “independent” under any applicable listing standards, any applicable rules of the SEC, and any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence of the Corporation’s directors, (b) does not qualify either (i) as independent under the audit committee independence requirements set forth in the rules of any stock exchange applicable to the Corporation, or (ii) as a “non-employee director” under Exchange Act Rule 16b-3 and as an “outside director” for the purposes of Section 162(m) of the Internal Revenue Code (or any successor provision), (c) is or has been, within the past three years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, as amended, (d) is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses), has been convicted in a criminal proceeding (excluding traffic violations and other minor offenses), is a named subject of a pending civil fraud investigation or has been convicted of fraud in a civil proceeding, in each case, within the past ten (10) years, or (e) is subject to any order of the type specified in Rule 506(d) of Regulation D promulgated under the Securities Act of 1933, as amended,
- (3) the election of the Proposed Nominee to the Board of Directors would cause the Corporation to violate its Certificate of Incorporation, these Bylaws, any applicable law, rule, regulation or listing standard, or
- (4) the Eligible Stockholder or applicable Proposed Nominee fails to comply with its obligations pursuant to these Bylaws, including but not limited to, its obligations under this Section 2.8.

(L) The maximum number of Proposed Nominees submitted by all Eligible Stockholders that may be included in the Corporation’s proxy materials pursuant to this Section 2.8 shall not exceed the greater of (1) two or (2) twenty-five percent (25%) of the number of directors in office as of the last day on which a Stockholder Notice may be delivered pursuant to this Section 2.8 with respect to the annual meeting, or if such amount is not a whole number, the closest whole number (rounding down) below twenty-five percent (25%) (such resulting number, the “Permitted Number”); provided that the Permitted Number shall be reduced by: (a) any Proposed Nominee whose name was submitted for inclusion in the Corporation’s proxy materials pursuant to this Section 2.8 but who the Board of Directors decides to nominate as a Board of Directors nominee or whose name is withdrawn and (b) any nominees who were previously elected to the Board of Directors as Proposed Nominees by any Eligible Stockholder at any of the preceding two (2) annual meetings and who are nominated for election at such annual meeting by the Board of Directors as a director nominee. In the event that one or more vacancies for any reason occurs after the date of the Stockholder Notice but before the annual

meeting and the Board of Directors resolves to reduce the size of the Board of Directors in connection therewith, the Permitted Number shall be recalculated based on the number of directors in office as so reduced. In the event that the number of Proposed Nominees submitted by Eligible Stockholders pursuant to this Section 2.8 exceeds the Permitted Number, the Corporation shall determine which Proposed Nominees shall be included in the Corporation's proxy materials in accordance with the following provisions: each Eligible Stockholder will select one Proposed Nominee for inclusion in the Corporation's proxy materials until the Permitted Number is reached, going in order of the amount (largest to smallest) of shares of Voting Stock each Eligible Stockholder disclosed as Owned in its respective Stockholder Notice submitted to the Corporation. If the Permitted Number is not reached after each Eligible Stockholder has selected one Proposed Nominee, this selection process will continue as many times as necessary, following the same order each time, until the Permitted Number is reached. Following such determination after the last day on which a Stockholder Notice may be delivered pursuant to this Section 2.8, if any Proposed Nominee who satisfies the eligibility requirements in this Section 2.8 thereafter is nominated by the Board of Directors, thereafter is not included in the Corporation's proxy materials or thereafter is not submitted for director election for any reason (including the Eligible Stockholder's or Proposed Nominee's failure to comply with this Section 2.8), no other nominee or nominees shall be included in the Corporation's proxy materials or otherwise submitted for director election in substitution thereof.

(M) The Board of Directors (and any other person or body authorized by the Board of Directors) shall have the power and authority to interpret this Section 2.8 and to make any and all determinations necessary or advisable to apply this Section 2.8 to any persons, facts or circumstances, including the power to determine (1) whether one or more stockholders or beneficial owners qualifies as an Eligible Stockholder, (2) whether a Stockholder Notice complies with this Section 2.8 and has otherwise met the requirements of this Section 2.8, (3) whether a Proposed Nominee satisfies the qualifications and requirements in this Section 2.8, and (4) whether any and all requirements of this Section 2.8 have been satisfied. Any such interpretation or determination adopted in good faith by the Board of Directors (or any other person or body authorized by the Board of Directors) shall be binding on all persons, including the Corporation and its stockholders (including any beneficial owners). Notwithstanding the foregoing provisions of this Section 2.8, unless otherwise required by law or otherwise determined by the chairman of the meeting or the Board of Directors, if the Eligible Stockholder (or a qualified representative of the Eligible Stockholder) does not appear at the annual meeting of stockholders of the Corporation to present its Proposed Nominee or Proposed Nominees, such nomination or nominations shall be disregarded, notwithstanding that proxies in respect of the election of the Proposed Nominee or Proposed Nominees may have been received by the Corporation. This Section 2.8 shall be the exclusive method for stockholders to include nominees for director election in the Corporation's proxy materials.

Section 2.9. Inspectors of Elections; Opening and Closing the Polls.

(A) The Board of Directors by resolution may appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives of the Corporation, to act at the meeting and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act, or if all inspectors or alternates who have been appointed

are unable to act, at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by the General Corporation Law of the State of Delaware (the "GCL").

(B) The chairman of the meeting shall fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at the meeting.

Section 2.10. No Stockholder Action by Written Consent. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specific circumstances, any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

Section 2.11. Vote of Stockholders. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, each stockholder having the right to vote shall be entitled at every meeting of stockholders to one vote for every share standing in his name on the record date fixed by the Board of Directors pursuant to Section 6.8 of these Bylaws. Except as otherwise provided by law, the Certificate of Incorporation, any Preferred Stock Designation, these Bylaws or any resolution adopted by a majority of the Whole Board, all matters submitted to the stockholders at any meeting (other than the election of directors) shall be decided by a majority of the votes cast with respect thereto.

ARTICLE III

BOARD OF DIRECTORS

Section 3.1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of its Board of Directors. In addition to the powers and authorities by these Bylaws expressly conferred upon them, the Board of Directors may exercise all such powers of the Corporation and to all such lawful acts and things as are not by law or by the Certificate of Incorporation or by these Bylaws required to be exercised or done by the stockholders.

Section 3.2. Number, Tenure and Qualifications. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, the number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by a majority of the Whole Board, but shall consist of not more than fifteen nor less than three directors. The directors, other than those who may be elected by the holders of any series of Preferred Stock, and subject to the phasing-in process described below, shall be elected at every annual meeting of stockholders, by a plurality vote of all votes cast at such meeting, to hold office for a term expiring at the next annual meeting of stockholders and until their successors are duly elected and qualified. The class of directors whose current term expires at the Corporation's annual meeting of stockholders in 2012 shall hold office until that term expires and the successors to that class of directors shall be elected for a one year term to hold office until the 2013 annual meeting of stockholders and until their successors are duly elected and shall qualify. The class of directors whose current term expires at the Corporation's annual meeting of stockholders in 2013 shall hold office until that term expires and the successors to that class of directors, together with directors elected at the 2012 annual meeting of stockholders, shall be elected for a one year term to hold office until the 2014 annual meeting of stockholders and until their successors are duly elected and shall qualify. The class of directors elected at the Corporation's annual meeting of stockholders in 2011 whose term expires at the annual meeting of stockholders in 2014 shall hold office until that term expires

and the successors to that class of directors, together with all other directors, shall be elected for a one year term to hold office until the next annual meeting of stockholders and until their successors are duly elected and shall qualify, beginning with the Corporation's annual meeting of stockholders in 2014. If authorized by a resolution of the Board of Directors, directors may be elected to fill any vacancy on the Board of Directors, regardless of how such vacancy shall have been created.

Section 3.3. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, each annual meeting of stockholders. The Board of Directors may, by resolution, provide the time and place for the holding of additional regular meetings without other notice than such resolution.

Section 3.4. Special Meetings. Special meetings of the Board of Directors shall be called at the request of the Chairman of the Board, the Chief Executive Officer, the President or a majority of the Board of Directors or a majority of the Independent Directors (as defined in Section 3.9). The person or persons authorized to call special meetings of the Board of Directors may fix the place and time of the meetings.

Section 3.5. Notice. Notice of any special meeting shall be given to each director at his business or residence in writing or by telegram or by telephone communication or by facsimile transmission. If mailed, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least five days before such meeting. If by telegram, such notice shall be deemed adequately delivered when the telegram is delivered to the telegraph company at least twenty-four hours before such meeting. If by telephone, the notice shall be given at least twelve hours prior to the time set for the meeting. If by facsimile transmission, the notice shall be deemed adequately delivered if transmitted at least twenty-four hours before such meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting, except for amendments to these Bylaws as provided under Section 7.1 hereof. A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in writing, either before or after such meeting.

Section 3.6. Quorum. A whole number of directors equal to at least a majority of the Whole Board shall constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors there shall be less than a quorum present, a majority of the directors present may adjourn the meeting from time to time without further notice. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. The directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 3.7. Vacancies. Subject to the rights of the holders of any series of Preferred Stock, and unless the Board of Directors otherwise determines, vacancies resulting from death, resignation, retirement, disqualification, removal from office or other cause, and newly created directorships resulting from any increase in the authorized number of directors, may be filled only by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, and directors so chosen shall hold office for a term

expiring at the next annual meeting of stockholders and until such director's successor shall have been duly elected and qualified.

Section 3.8. Removal. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, any director, or the entire Board of Directors, may be removed from office at any time, but only by the affirmative vote of the holders of at least 75 percent of the then outstanding Voting Stock, voting together as a single class.

Section 3.9. Committee. The Board of Directors may, by resolution or resolutions passed by a majority of the Whole Board, designate one or more committees, each committee to consist of two or more directors of the Corporation, including the following committees:

(a) An Executive Committee, which shall have such authority as shall be delegated by the Board of Directors and shall advise the Board of Directors from time to time with respect to such matters as the Board of Directors shall direct.

(b) An Audit Committee which shall consist of Independent Directors (as defined below). The Audit Committee shall make recommendations concerning the engagement of independent public accountants, review with the independent public accountants the plans and results of the audit engagement, approve professional services provided by the independent public accountants, review the independence of the independent public accountants, consider the range of audit and non-audit fees and review the adequacy of the Corporation's internal accounting controls.

(c) A Compensation Committee, which shall determine compensation for the Corporation's executive officers and shall administer a stock incentive plan adopted by the Corporation.

For purposes of these Bylaws, an "Independent Director" shall mean an individual who (i) is not an Affiliate of CBL & Associates, Inc., CBL & Associates Limited Partnership or CBL & Associates Management, Inc. or any of their successors and is not an employee of the Corporation or of CBL & Associates, Inc., CBL & Associates Limited Partnership or CBL & Associates Management, Inc. or any of their successors or of any Affiliate of the Corporation or of any Affiliate of CBL & Associates, Inc., CBL & Associates Limited Partnership or CBL & Associates Management, Inc. or any of their successors; provided, however, that no director shall be deemed not to qualify as an Independent Director solely because such director is a director of both the Corporation and CBL & Associates Management, Inc. and (ii) with reference to any particular transaction, is not an interested director within the meaning of Section 144 of the GCL. For purposes of this Section 3.9, an "Affiliate" shall mean, as to any individual, corporation, partnership, trust or other association, any person (i) that holds beneficially, directly or indirectly, 5% or more of the outstanding stock or equity interests thereof or (ii) who is an officer, director, partner or director thereof or of any person which controls, is controlled by, or is under common control with such corporation, partnership, trust or other association or (iii) which controls, is controlled by or is under common control with such corporation, partnership, trust or other association.

The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee. Any such committee, to the extent provided in the resolution establishing such committee and not inconsistent with the GCL, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation. Unless the Board of Directors shall provide otherwise, the presence of one-half of the total membership of any committee of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of such committee and the act of a majority of those present shall be necessary and sufficient for the taking of any action thereat.

Section 3.10. Honorary Directors. The Board of Directors may from time to time appoint one or more persons to serve at the pleasure of the Board of Directors as honorary directors of the Corporation. Honorary directors shall be entitled to receive notice of and attend all regular and special meetings of the Board of Directors but shall not be deemed to be present at any such meeting for the purpose of determining whether a quorum is present and shall not be entitled to vote on any matter submitted to a vote of the directors.

ARTICLE IV

OFFICERS

Section 4.1. Elected Officers. The elected officers of the Corporation shall be a Chairman of the Board, a President, a Chief Executive Officer, a Chief Financial Officer, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as the Board of Directors from time to time may deem proper. The Chairman of the Board shall be chosen from the directors. All officers chosen by the Board of Directors shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article IV. Such officers shall also have such powers and duties as from time to time may be conferred by the Board of Directors or by any committee thereof.

Section 4.2. Election and Term of Office. The elected officers of the Corporation shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors held after each annual meeting of the stockholders. If the election of officers shall not be held at such meeting such election shall be held as soon thereafter as convenient. Subject to Section 4.10 of these Bylaws, each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign.

Section 4.3. Chairman of the Board. The chairman of the Board shall preside at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board shall be responsible for the general management of the affairs of the Corporation and shall perform all duties incidental to his office which may be required by law and all such other duties as are properly required of him by the Board of Directors. Except where by law the signature of the President or the Chief Executive Officer is required, the Chairman of the Board shall possess the same power as the President or the Chief Executive Officer to sign all certificates, contracts, and other instruments of the Corporation which may be authorized by the Board of Directors. He shall make reports to the Board of Directors and the stockholders, and shall perform all such other duties as are properly required of him by the Board of Directors. He shall see that all orders and resolutions of the Board of Directors and of any committee thereof are carried into effect.

Section 4.4. President. The President shall act in a general executive capacity and shall assist the Chairman of the Board and the Chief Executive Officer in the administration and operation of the corporation's business and general supervision of its policies and affairs. In the absence of or because of the inability to act of the Chairman of the Board and the Chief Executive Officer, the President shall perform all duties of the Chairman of the Board and preside at all meetings of stockholders and of the Board of Directors. The President may sign, alone or with the Secretary, or an Assistant Secretary or any other proper officer of the corporation authorized by the Board of Directors, certificates, contracts and other instruments of the Corporation as authorized by the Board of Directors.

Section 4.5. Chief Executive Officer. The Board of Directors may designate a Chief Executive Officer from among the elected officers. In the absence of such designation, the Chairman of the Board shall be the Chief Executive Officer of the Corporation. The Chief Executive Officer shall, in the absence of or because of the inability to act of the Chairman of the Board, perform all duties of the Chairman of the Board and preside at all meetings of stockholders and of the Board of Directors. The Chief Executive Officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors. The Chief Executive Officer may sign, alone or with the Secretary, or an Assistant Secretary or any other proper officer of the Corporation authorized by the Board of Directors, certificates, contracts and other instruments of the corporation as authorized by the Board of Directors.

Section 4.6. Chief Financial Officer. The Board of Directors may designate a Chief Financial Officer from among the elected officers. The Chief Financial Officer shall have general responsibility for the financial policies and matters of the Corporation, as determined by the Board of Directors. The Chief Financial Officer may sign, alone or with the Treasurer, or an Assistant Treasurer or any other proper officer of the Corporation authorized by the Board of Directors, certificates, contracts and other instruments of the Corporation as authorized by the Board of Directors.

Section 4.7. Vice President. The Vice Presidents, or any of them, shall, subject to the direction of the Board of Directors, at the request of the President or in his absence, or in case of his inability to perform his duties from any cause, perform the duties of the President, and, when so acting, shall have all the powers of, and be subject to all restrictions upon, the President. The Vice Presidents shall also perform such other duties as may be assigned to them by the Board of Directors, and the Board of Directors may determine the order of priority among them. The Board of Directors may designate one or more Vice Presidents as Executive or Senior Vice President or as Vice President for a particular area of responsibility.

Section 4.8. Secretary. The Secretary shall give, or cause to be given, notice of all meetings of stockholders and Directors and all other notices required by law or by these Bylaws, and in case of his absence or refusal or neglect so to do, any such notice may be given by any person thereunto directed by the Chairman of the Board, the President or the Chief Executive Officer, or by the Board of Directors, upon whose request the meeting is called as provided in these Bylaws. He shall record all the proceedings of the meetings of the Board of Directors, any committees thereof and the stockholders of the Corporation in a book to be kept for that purpose, and shall perform such other duties as may be assigned to him by the Board of Directors, the Chairman of the Board, the President or the Chief Executive Officer. He shall have the custody of the seal of the Corporation and shall affix the same to all instruments requiring it, when authorized by the Board of Directors, the Chairman of the Board, the President or the Chief Executive Officer, and attest to the same.

Section. 4.9. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate account of receipts and disbursements in books belonging to the Corporation. The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, the Chairman of the Board, the President or the Chief

Executive Officer, taking proper vouchers for such disbursements. The Treasurer shall render to the Chairman of the Board, the President, the Chief Executive Officer and the Board of Directors, whenever requested, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond for the faithful discharge of his duties in such amount and with such surety as the Board of Directors shall prescribe.

Section 4.10. Removal. Any officer elected by the Board of Directors may be removed by a majority of the members of the Whole Board whenever, in their judgment, the best interests of the Corporation would be served thereby. No elected officer shall have any contractual rights against the Corporation for compensation by virtue of such election beyond the date of the election of his successor, his death, his resignation or his removal, whichever event shall first occur, except as otherwise provided in an employment contract or under an employee deferred compensation plan.

Section 4.11. Vacancies. A newly created office and a vacancy in any office because of death, resignation, or removal may be filled by the Board of Directors for the unexpired portion of the term at any meeting of the Board of Directors.

ARTICLE V

STOCK CERTIFICATES AND TRANSFERS

Section 5.1. Stock Certificates and Transfers.

(A) The interest of each stockholder of the Corporation shall be evidenced by shares of stock, which may be issued as certificated or uncertificated shares in such form as the appropriate officers of the Corporation may from time to time prescribe in accordance with all applicable requirements of the GCL and the Corporation's Amended and Restated Certificate of Incorporation.

(B) The shares of the stock of the Corporation shall be transferred on the books of the corporation by the holder thereof in person or by his attorney, upon surrender for cancellation of certificates for the same number of shares to the Corporation or its authorized agents, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its authorized agents may reasonably require. Upon the receipt by the Corporation or its authorized agents of proper transfer instructions, including a duly executed assignment and power of transfer, from the registered owner of uncertificated shares of the stock of the Corporation, such uncertificated shares shall be cancelled, issuance of new equivalent uncertificated shares or certificated shares shall be made to the shareholder entitled thereto and the transaction shall be recorded upon the books of the Corporation.

(C) Certificates evidencing shares of stock of the Corporation shall be signed, countersigned and registered in such manner as the Board of Directors may by resolution prescribe, which resolution may permit all or any of the signatures on such certificates to be in facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.1. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January and end on the thirty-first day of December of each year.

Section 6.2. Dividends. The Board of Directors may from time to time declare, and the corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its Certificate of Incorporation.

Section 6.3. Seal. The corporate seal may bear in the center of the emblem of some object, and shall have inscribed thereunder the words "Corporate Seal" and around the margin thereof the words "CBL & Associates Properties, Inc. -Delaware 1993".

Section 6.4. Waiver of Notice. Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the GCL, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders of the Board of Directors need be specified in any waiver of notice of such meeting.

Section 6.5. Audits. The accounts, books and records of the Corporation shall be audited upon the conclusion of each fiscal year by an independent certified public accountant selected by the Board of Directors, and it shall be the duty of the Board of Directors to cause such audit to be made annually.

Section 6.6. Resignations. Any director or any officer, whether elected or appointed, may resign at any time by serving written notice of such resignation on the Chairman of the Board, the President or the Secretary, and such resignation shall be deemed to be effective as of the close of business on the date said notice is received by the Chairman of the Board, the President or the Secretary. No action shall be required of the Board of Directors or the stockholders to make any such resignation effective.

Section 6.7. Indemnification and Insurance.

(A) Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit, or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative is or was a director, officer or employee of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of any other corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the GCL as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than

said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in paragraph (B) of this Bylaw with respect to proceedings seeking to enforce rights to indemnification, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

(B) If a claim under paragraph (A) of this Bylaw is not paid in full by the Corporation within thirty days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the GCL for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation.

(C) Following any "change in control" of the Corporation of the type required to be reported under Item 1 of Form 8-K promulgated under the Exchange Act, any determination as to entitlement to indemnification shall be made by independent legal counsel selected by the claimant, which such independent legal counsel shall be retained by the Board of Directors on behalf of the Corporation.

(D) The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Bylaw shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

(E) The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the GCL, provided that such insurance is commercially available at reasonable expense.

(F) The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and rights to be paid by the Corporation the expenses incurred in defending any proceeding in advance of its final disposition, to any agent of the Corporation to the fullest extent of the provisions of this Bylaw with respect to the indemnification and advancement of expenses of directors, officers and employees of the Corporation.

(G) The right to indemnification conferred in this Bylaw shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that if the GCL requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking by or on behalf of such director or officer to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Bylaw or otherwise.

Section 6.8. Record Dates.

(A) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty nor less than thirty days before the date of such meeting. If no record is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(B) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty days nor less than ten days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 6.9. Delaware As Exclusive Forum. Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum shall be a state or Federal court located within the State of Delaware for (a) any derivative action or proceeding brought on behalf of the Corporation, (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, employee or agent of the Corporation to the Corporation or the Corporation's stockholders, (c) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, or (d) any action asserting a claim governed by the internal affairs doctrine, *subject, however*, in each case to the court having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Bylaw.

ARTICLE VII

AMENDMENTS

Section 7.1. Amendments. These Bylaws may be amended, added to, rescinded or repealed at any meeting of the Board of Directors or of the stockholders, provided that notice of the proposed change was given (a) in the case of a meeting of the stockholders, in the notice of the meeting delivered pursuant to Section 2.4 of these Bylaws and, (b) in the case of a meeting of the Board of Directors, in a notice given no less than two days prior to the meeting; provided, however, that, in the case of amendments by stockholders, notwithstanding any other provisions of these Bylaws or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the Voting Stock required by law, the Certificate of Incorporation, any Preferred Stock Resignation or these Bylaws, the affirmative vote of the holders of at least 66-2/3% percent of the then outstanding Voting Stock, voting together as a single class, shall be required to alter, amend or repeal any provision of these Bylaws.

ARTICLE VIII

CERTAIN TRANSACTIONS

Section 8.1. Transactions Between the Corporation and its Directors or Officers. The Corporation, for itself or for any entity for which it serves as a general partner, may not enter into any contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers or have a financial interest, unless (i) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or the committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the Independent Directors, even though the Independent Directors be less than a quorum; or (ii) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders.

Section 8.2. Sale of Real Estate and Significant Reduction of Debt. The Corporation, for itself or for any entity for which it serves as a general partner, shall determine whether to (i) enter into any contract or transaction involving the sale of any real estate assets of the Corporation or of an entity for which the Corporation serves as a general partner if such sale will result in a disproportionately higher taxable income to CBL & Associates, Inc. or its affiliates than to the Corporation or to the entity for which the Corporation serves as general partner or (ii) enter into any contract or transaction that would result in a significant reduction of debt with respect to real estate owned by the Corporation or by an entity for which the Corporation serves as a general partner, based, in either case, upon the determination in good faith by the Board of Directors or a committee thereof to authorize the contract or transaction by the affirmative votes of a majority of the Independent Directors, even though the Independent Directors be less than a quorum.

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Section 3: EX-12.1 (EXHIBIT 12.1)

Exhibit 12.1

CBL & Associates Properties, Inc.
Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends
(in thousands, except ratios)

Six Months Ended June 30,		Year Ended December 31,				
2018	2017	2017	2016	2015	2014	2013

Earnings:

Income (loss) before discontinued operations, equity in earnings and noncontrolling interests	\$ (41,624)	\$ 93,727	\$ 134,110	\$ 75,935	\$103,756	\$ 242,675	\$ 105,006
Fixed charges less capitalized interest and preferred dividends	107,970	111,266	218,680	216,318	229,458	239,844	231,934
Distributed income of equity investees	9,669	9,640	22,373	16,603	21,095	21,866	15,995
Equity in losses of equity investees for which charges arise from guarantees	—	—	—	—	(197)	(63)	(44)
Noncontrolling interest in earnings of subsidiaries that have not incurred fixed charges	(65)	(80)	(448)	(127)	(152)	(273)	(3,069)
Total earnings	<u>\$ 75,950</u>	<u>\$ 214,553</u>	<u>\$ 374,715</u>	<u>\$ 308,729</u>	<u>\$353,960</u>	<u>\$ 504,049</u>	<u>\$ 349,822</u>

Combined fixed charges and preferred dividends (1):

Interest expense (2)	\$ 107,970	\$ 111,266	\$ 218,680	\$ 216,318	\$229,458	\$ 239,844	\$ 231,934
Capitalized interest	1,538	1,224	2,222	2,302	4,153	7,246	5,837
Preferred dividends (3)	22,446	22,446	44,892	44,892	44,892	44,892	59,529
Total combined fixed charges and preferred dividends	<u>\$ 131,954</u>	<u>\$ 134,936</u>	<u>\$ 265,794</u>	<u>\$ 263,512</u>	<u>\$278,503</u>	<u>\$ 291,982</u>	<u>\$ 297,300</u>

Ratio of earnings to combined fixed charges and preferred dividends	<u>— (4)</u>	<u>1.59</u>	<u>1.41</u>	<u>1.17</u>	<u>1.27</u>	<u>1.73</u>	<u>1.18</u>
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- (1) The interest portion of rental expense is not calculated because the rental expense of the Company is not significant.
- (2) Interest expense includes amortization of capitalized debt expenses and amortization of premiums and discounts.
- (3) Includes preferred distributions to the Company's partner in CW Joint Venture, LLC, through September 2013 when the outstanding perpetual preferred joint venture units were redeemed.
- (4) Earnings were inadequate to cover combined fixed charges and preferred dividends for the six months ended June 30, 2018 by \$56,004.

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Section 4: EX-12.2 (EXHIBIT 12.2)

Exhibit 12.2

CBL & Associates Limited Partnership
Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends
(in thousands, except ratios)

	Six Months Ended June 30,		Year Ended December 31,				
	2018	2017	2017	2016	2015	2014	2013
Earnings:							
Income (loss) before discontinued operations, equity in earnings and noncontrolling interests	\$ (41,624)	\$ 93,727	\$ 134,110	\$ 75,935	\$ 103,756	\$ 242,675	\$ 105,006
Fixed charges less capitalized interest and preferred dividends	107,970	111,266	218,680	216,318	229,458	239,844	231,934
Distributed income of equity investees	9,663	9,641	22,376	16,633	21,092	21,866	15,995
Equity in losses of equity investees for which charges arise from guarantees	—	—	—	—	(197)	(63)	(44)
Noncontrolling interest in earnings of subsidiaries that have not incurred fixed charges	(65)	(80)	(448)	(127)	(152)	(273)	(3,069)
Total earnings	<u>\$ 75,944</u>	<u>\$ 214,554</u>	<u>\$ 374,718</u>	<u>\$ 308,759</u>	<u>\$ 353,957</u>	<u>\$ 504,049</u>	<u>\$ 349,822</u>

Combined fixed charges and preferred dividends (1):							
Interest expense (2)	\$ 107,970	\$ 111,266	\$ 218,680	\$ 216,318	\$ 229,458	\$ 239,844	\$ 231,934
Capitalized interest	1,538	1,224	2,222	2,302	4,153	7,246	5,837
Preferred dividends (3)	22,446	22,446	44,892	44,892	44,892	44,892	59,529
Total combined fixed charges and preferred dividends	\$ 131,954	\$ 134,936	\$ 265,794	\$ 263,512	\$ 278,503	\$ 291,982	\$ 297,300
Ratio of earnings to combined fixed charges and preferred dividends	— (4)	1.59	1.41	1.17	1.27	1.73	1.18

- (1) The interest portion of rental expense is not calculated because the rental expense of the Operating Partnership is not significant.
- (2) Interest expense includes amortization of capitalized debt expenses and amortization of premiums and discounts.
- (3) Includes preferred distributions to the Operating Partnership's partner in CW Joint Venture, LLC, through September 2013 when the outstanding perpetual preferred joint venture units were redeemed.
- (4) Earnings were inadequate to cover combined fixed charges and preferred dividends for the six months ended June 30, 2018 by \$56,010.

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Section 5: EX-12.3 (EXHIBIT 12.3)

Exhibit 12.3

CBL & Associates Properties, Inc. Computation of Ratio of Earnings to Fixed Charges (in thousands, except ratios)

	Six Months Ended June 30,		Year Ended December 31,				
	2018	2017	2017	2016	2015	2014	2013
Earnings:							
Income (loss) before discontinued operations, equity in earnings and noncontrolling interests	\$ (41,624)	\$ 93,727	\$ 134,110	\$ 75,935	\$ 103,756	\$ 242,675	\$ 105,006
Fixed charges less capitalized interest	107,970	111,266	218,680	216,318	229,458	239,844	231,934
Distributed income of equity investees	9,669	9,640	22,373	16,603	21,095	21,866	15,995
Equity in losses of equity investees for which charges arise from guarantees	—	—	—	—	(197)	(63)	(44)
Noncontrolling interest in earnings of subsidiaries that have not incurred fixed charges	(65)	(80)	(448)	(127)	(152)	(273)	(3,069)
Total earnings	\$ 75,950	\$ 214,553	\$ 374,715	\$ 308,729	\$ 353,960	\$ 504,049	\$ 349,822
Fixed charges (1):							
Interest expense (2)	\$ 107,970	\$ 111,266	\$ 218,680	\$ 216,318	\$ 229,458	\$ 239,844	\$ 231,934
Capitalized interest	1,538	1,224	2,222	2,302	4,153	7,246	5,837
Total fixed charges	\$ 109,508	\$ 112,490	\$ 220,902	\$ 218,620	\$ 233,611	\$ 247,090	\$ 237,771
Ratio of earnings to fixed charges	— (3)	1.91	1.70	1.41	1.52	2.04	1.47

- (1) The interest portion of rental expense is not calculated because the rental expense of the Company is not significant.

- (2) Interest expense includes amortization of capitalized debt expenses and amortization of premiums and discounts.
- (3) Earnings were inadequate to cover fixed charges for the six months ended June 30, 2018 by \$33,558.

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Section 6: EX-12.4 (EXHIBIT 12.4)

Exhibit 12.4

CBL & Associates Limited Partnership Computation of Ratio of Earnings to Fixed Charges (in thousands, except ratios)

	Six Months Ended June 30,		Year Ended December 31,				
	2018	2017	2017	2016	2015	2014	2013
Earnings:							
Income (loss) before discontinued operations, equity in earnings and noncontrolling interests	\$ (41,624)	\$ 93,727	\$ 134,110	\$ 75,935	\$103,756	\$ 242,675	\$ 105,006
Fixed charges less capitalized interest	107,970	111,266	218,680	216,318	229,458	239,844	231,934
Distributed income of equity investees	9,663	9,641	22,376	16,633	21,092	21,866	15,995
Equity in losses of equity investees for which charges arise from guarantees	—	—	—	—	(197)	(63)	(44)
Noncontrolling interest in earnings of subsidiaries that have not incurred fixed charges	(65)	(80)	(448)	(127)	(152)	(273)	(3,069)
Total earnings	<u>\$ 75,944</u>	<u>\$ 214,554</u>	<u>\$ 374,718</u>	<u>\$ 308,759</u>	<u>\$353,957</u>	<u>\$ 504,049</u>	<u>\$ 349,822</u>
Fixed charges (1):							
Interest expense (2)	\$ 107,970	\$ 111,266	\$ 218,680	\$ 216,318	\$229,458	\$ 239,844	\$ 231,934
Capitalized interest	1,538	1,224	2,222	2,302	4,153	7,246	5,837
Total fixed charges	<u>\$ 109,508</u>	<u>\$ 112,490</u>	<u>\$ 220,902</u>	<u>\$ 218,620</u>	<u>\$233,611</u>	<u>\$ 247,090</u>	<u>\$ 237,771</u>
Ratio of earnings to fixed charges	<u>— (3)</u>	<u>1.91</u>	<u>1.70</u>	<u>1.41</u>	<u>1.52</u>	<u>2.04</u>	<u>1.47</u>

- (1) The interest portion of rental expense is not calculated because the rental expense of the Operating Partnership is not significant.
- (2) Interest expense includes amortization of capitalized debt expenses and amortization of premiums and discounts.
- (3) Earnings were inadequate to cover fixed charges for the six months ended June 30, 2018 by \$33,564.

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Section 7: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

CERTIFICATION

I, Stephen D. Lebovitz, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of CBL & Associates Properties, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact

necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2018

/s/ Stephen D. Lebovitz

Stephen D. Lebovitz, Director and
Chief Executive Officer

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Section 8: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

CERTIFICATION

I, Farzana Khaleel, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of CBL & Associates Properties, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and

procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2018

/s/ Farzana Khaleel

Farzana Khaleel, Executive Vice President -
Chief Financial Officer and Treasurer

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Section 9: EX-31.3 (EXHIBIT 31.3)

Exhibit 31.3

CERTIFICATION

I, Stephen D. Lebovitz, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of CBL & Associates Limited Partnership;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be

designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2018

/s/ Stephen D. Lebovitz

Stephen D. Lebovitz, Director and
Chief Executive Officer of
CBL Holdings I, Inc.,
the sole general partner of
CBL & Associates Limited Partnership

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Section 10: EX-31.4 (EXHIBIT 31.4)

Exhibit 31.4

CERTIFICATION

I, Farzana Khaleel, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of CBL & Associates Limited Partnership;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our

conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2018

/s/ Farzana Khaleel

Farzana Khaleel, Executive Vice President -
Chief Financial Officer and Treasurer of
CBL Holdings I, Inc.,
the sole general partner of
CBL & Associates Limited Partnership

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Section 11: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of CBL & ASSOCIATES PROPERTIES, INC. (the "Company") on Form 10-Q for the six months ending June 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen D. Lebovitz, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350 (as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002), that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Stephen D. Lebovitz

Stephen D. Lebovitz, Director and
Chief Executive Officer

August 9, 2018

Date

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Section 12: EX-32.2 (EXHIBIT 32.2)

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of CBL & ASSOCIATES PROPERTIES, INC. (the "Company") on Form 10-Q for the six months ending June 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Farzana Khaleel, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350 (as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002), that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Farzana Khaleel

Farzana Khaleel, Executive Vice President -
Chief Financial Officer and Treasurer

August 9, 2018

Date

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Section 13: EX-32.3 (EXHIBIT 32.3)

Exhibit 32.3

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of CBL & ASSOCIATES LIMITED PARTNERSHIP (the "Operating Partnership") on Form 10-Q for the six months ending June 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen D. Lebovitz, Chief Executive Officer of CBL Holdings I, Inc., the sole general partner of the Operating Partnership, certify, pursuant to 18 U.S.C. § 1350 (as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002), that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.

/s/ Stephen D. Lebovitz

Stephen D. Lebovitz, Director and
Chief Executive Officer of
CBL Holdings I, Inc.,
the sole general partner of
CBL & Associates Limited Partnership

August 9, 2018

Date

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Section 14: EX-32.4 (EXHIBIT 32.4)

Exhibit 32.4

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of CBL & ASSOCIATES LIMITED PARTNERSHIP (the "Operating Partnership") on Form 10-Q for the six months ending June 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Farzana Khaleel, Chief Financial Officer of CBL Holdings I, Inc., the sole general partner of the Operating Partnership, certify, pursuant to 18 U.S.C. § 1350 (as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002), that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.

/s/ Farzana Khaleel

Farzana Khaleel, Executive Vice President -
Chief Financial Officer and Treasurer of
CBL Holdings I, Inc.,
the sole general partner of
CBL & Associates Limited Partnership

August 9, 2018

Date

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