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

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2007

Or

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

For the transition period from ______________ to _________________

Commission File Number 1-12494

CBL & ASSOCIATES PROPERTIES, INC.

(Exact Name of Registrant as Specified in Its Charter)

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

(Address of principal executive office)

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

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

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x   No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Act. (Check one):

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

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

Yes o No x

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

TABLE OF CONTENTS

		Page
	Cautionary Statement Regarding Forward-Looking Statements	1
PART I		
1.	Business	1
1A.	Risk Factors	12
1B.	Unresolved Staff Comments	23
2.	Properties	23
3.	Legal Proceedings	42
4.	Submission of Matters to a Vote of Security Holders	42
PART II		
5.	Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	42
6.	Selected Financial Data	44
7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	45
7A.	Quantitative and Qualitative Disclosures About Market Risk	67
8.	Financial Statements and Supplementary Data	68
9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	68
9A.	Controls and Procedures	68
9B.	Other Information	71
PART III		
10.	Directors, Executive Officers and Corporate Governance	71
11.	Executive Compensation	71
12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	71
13.	Certain Relationships and Related Transactions, and Director Independence	71
14.	Principal Accounting Fees and Services	71

PART IV

15.	Exhibits, Financial Statement Schedules	72
Signatures		73
Index to Financial Statements and Schedules		74
Index to Exhibits		127

Cautionary Statement Regarding to Forward-Looking Statements

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

Part I.

ITEM 1. BUSINESS

Background

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

The Company’s Business

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

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

As of December 31, 2007, we owned:

2

- § interests in 84 regional malls/open-air centers (the "Malls"), 32 associated centers (the "Associated Centers"), 15 community centers (the "Community Centers") and 19 office buildings, including our corporate office (the "Office Buildings");

- § interests in four mall expansions, two associated/lifestyle centers, three community/open-air centers, a mixed-use center and an office building that are currently under construction (the "Construction Properties"), as well as options to acquire certain shopping center development sites; and

- § mortgages on 16 properties that are secured by first mortgages or wrap-around mortgages on the underlying real estate and related improvements (the "Mortgages").

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

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

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

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

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

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

Significant Markets and Tenants

3

Top Five Markets

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

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

Top 25 Tenants

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

	Tenant	Number of Stores	Square Feet	Annual Gross Rentals (1)	Percentage of Total Revenues
1	Limited Brands, LLC	162	803,523	$31,329,844	3.01%
2	Foot Locker, Inc.	198	760,640	31,021,076	2.98%
3	Gap Inc.	107	1,116,668	27,450,816	2.64%
4	Abercrombie & Fitch, Co.	90	608,047	22,689,087	2.18%
5	AE Outfitters Retail Company	80	462,375	20,551,015	1.97%
6	Signet Group plc (2)	122	204,473	19,282,615	1.85%
7	Finish Line, Inc.	89	446,013	17,123,420	1.64%
8	Zale Corporation	151	157,038	16,255,012	1.56%
9	Luxottica Group, S.P.A. (3)	155	340,917	16,216,445	1.56%
10	Genesco Inc. (4)	183	249,437	14,737,664	1.42%
11	New York & Company, Inc.	56	397,360	14,540,697	1.40%
12	JCPenney Co. Inc. (5)	74	8,424,596	14,516,094	1.39%
13	Express Fashions	46	398,762	13,709,803	1.32%
14	Dick’s Sporting Goods, Inc.	15	902,638	12,913,156	1.24%
15	The Regis Corporation	211	249,598	12,566,224	1.21%
16	The Children’s Place Retail Stores (6)	70	292,355	11,937,328	1.15%
17	Pacific Sunwear of California	80	286,286	10,936,043	1.05%
18	Charming Shoppes, Inc. (7)	58	341,837	10,867,992	1.04%
19	Charlotte Russe Holding, Inc.	46	318,334	10,812,545	1.04%
20	Christopher & Banks, Inc.	87	297,170	10,805,405	1.04%
21	Aeropostale, Inc.	74	250,666	10,275,445	0.99%
22	Sun Capital Partners, Inc. (8)	57	732,572	9,743,391	0.94%
23	The Buckle, Inc.	49	242,120	9,140,201	0.88%
24	Claire’s Stores, Inc.	121	142,552	8,734,815	0.84%
25	Hallmark Cards, Inc.	68	269,551	8,618,394	0.83%
		2,449	18,695,528	$386,774,527	37.17%

(1) Includes annual minimum rent and tenant reimbursements based on amounts in effect at December 31, 2007.

(2) Signet Group operates Kay Jewelers, Marks & Morgan, JB Robinson, Shaw's Jewelers, Osterman's Jewelers, LeRoy's Jewelers, Jared Jewelers, Belden Jewelers and Rogers Jewelers.

(3) Luxottica operates Lenscrafters, Sunglass Hut and Pearl Vision.

(4) Genesco Inc. operates Journey's, Jarman, Underground Station, Hat World, Lids, Hat Zone and Cap Factory stores.

(5) JC Penney Co. Inc. owns 30 of these stores.

4

(6) The Children's Place Retail Stores, Inc. also operates The Disney Stores.

(7) Charming Shoppes, Inc. operates Lane Bryant, Fashion Bug and Catherine's.

(8) Sun Capital Partners, Inc. operates Anchor Blue, Fazoli's, Friendly's, Life Uniform, Mattress Firm, Mervyn's, Shopko, Smokey Bones, Souper Salad and The Limited.

Growth Strategy

Our objective is to achieve growth in funds from operations by maximizing cash flows through a variety of methods that are discussed below.

Leasing, Management and Marketing

Our objective is to maximize cash flows from our existing Properties through:

- aggressive leasing that seeks to increase occupancy,
- originating and renewing leases at higher base rents per square foot compared to the previous lease,
- merchandising, marketing, sponsorship and promotional activities and
- actively controlling operating costs and resulting tenant occupancy costs.

Redevelopments and Renovations

Redevelopments represent situations where we capitalize on opportunities to add incremental square footage or increase the productivity of previously occupied space through aesthetic upgrades, retenanting and/or changing the retail use of the space. Many times, redevelopments result from acquiring possession of anchor space and subdividing it into multiple spaces. The following presents redevelopments that we completed during 2007, as well as a redevelopment that was under construction at December 31, 2007, and is scheduled to be completed in 2008:

Property	Location	GLA	Opening Date
Completed in 2007:			
Mall del Norte - Theater	Laredo, TX	82,500	Spring
Westgate Mall – Costco	Spartanburg, SC	153,000	August
Northpark Mall – Steve and Barry's/TJ Maxx	Joplin, MO	90,688	October
Columbia Place – Steve and Barry's/Burlington Coat	Columbia, SC	124,819	August/October
		451,007	
Scheduled for 2008:			
Parkdale Mall – Circuit City and various restaurants	Beaumont, TX	50,720	January/Fall

Renovations usually include renovating existing facades, uniform signage, new entrances and floor coverings, updating interior décor, resurfacing parking lots and improving the lighting of interiors and parking lots. Renovations can result in attracting new retailers, increased rental rates and occupancy levels and maintaining the Property's market dominance. The following presents renovations that we completed during 2007, as well as those that are scheduled to be completed in 2008:

5

Property	Location
Completed in 2007:	
Honey Creek Mall	Terre Haute, IN
Mall del Norte	Laredo, TX
Madison Plaza	Huntsville, AL
Scheduled for 2008:	
Georgia Square	Athens, GA
Brookfield Square	Brookfield, WI

Development of New Retail Properties and Expansions

In general, we seek development opportunities in middle-market trade areas that we believe are under-served by existing retail operations. These middle-markets must also have sufficient demographics to provide the opportunity to effectively maintain a competitive position. The following presents the new developments we opened during 2007 and those under construction at December 31, 2007:

Property	Location	GLA	Opening Date
Completed in 2007:			
The Shoppes at St. Clair	Fairview Heights, IL	84,080	March
Milford Marketplace	Milford, CT	105,638	October
Alamance Crossing East	Burlington, NC	571,700	August
York Town Center	York, PA	274,495	September
Cobblestone Village at Palm Coast	Palm Coast, FL	277,770	October
		1,313,683	
Currently under construction:			
Imperial Valley Commons (Phase I)	El Centro, CA	610,966	Fall - 2008/ Summer - 2009
Brookfield Square - Corner Development	Brookfield, WI	19,745	Fall - 2008
CBL Center II	Chattanooga, TN	74,598	Jan - 2008
Pearland Town Center	Pearland, TX	886,587	Fall - 2008
Statesboro Crossing	Statesboro, GA	162,450	Fall - 2008
Summit Fair	Lee’s Summit, MO	512,551	Fall - 2008/ Summer - 2009
Settlers Ridge	Robinson Township, PA	515,444	Summer - 2009
		2,782,341	

6

We can also generate additional revenues by expanding a Property through the addition of department stores, mall stores and large retail formats. An expansion also protects the Property's competitive position within its market. The following presents the expansions that we completed during 2007 and expansions that were under construction at December 31, 2007 and are scheduled to be completed in 2008**:**

Property	Location	GLA	Opening Date
Completed in 2007:			
The District at Valley View – shops	Roanoke, VA	61,200	July
Harford Mall - lifestyle expansion	Bel Air, MD	39,222	September
The District at CherryVale	Rockford, IL	84,541	Fall
Brookfield Square - Mitchell's Fish Market	Brookfield, WI	7,500	April
Brookfield Square - Fresh Market	Brookfield, WI	57,500	August
Southpark Mall - Regal Cinema	Colonial Heights, VA	68,242	July
Coastal Grand - Old Navy	Myrtle Beach, SC	23,269	October
Gulf Coast Town Center - Phase II - shops/Costco	Ft. Myers, FL	595,990	Spring
		937,464	
Scheduled for 2008:			
Southpark Mall - Foodcourt	Colonial Heights, VA	17,150	Spring
Coastal Grand - JCPenney	Myrtle Beach, SC	103,395	Spring
Coastal Grand - Ulta Cosmetics	Myrtle Beach, SC	10,000	Spring
Cary Towne Center - Mimi's Café	Cary, NC	6,674	Spring
Brookfield Square - Claim Jumpers	Brookfield, WI	12,000	Fall
Alamance Crossing - Theater/Shops	Burlington, NC	82,997	Summer
		232,216	

Our total investment in the new and expanded Properties opened in 2007 was $323.4 million and the total investment upon completion in the Properties under construction as of December 31, 2007 is projected to be $427.6 million.

Acquisitions

We believe there is opportunity for growth through acquisitions of regional malls and other associated properties. We selectively acquire regional mall and open-air properties where we believe we can increase the value of the property through our development, leasing and management expertise. During 2007, we also acquired a portfolio of office properties as part of an acquisition. We acquired whole or partial interests in the following Properties during 2007:

Property	Location	GLA	Month Acquired
Malls:			
Chesterfield Mall	St. Louis, MO	1,297,274	October
Mid Rivers Mall	St. Peters, MO	1,049,419	October
South County Center	St. Louis, MO	1,019,482	October
West County Center	St. Louis, MO	1,124,124	October
Friendly Center and Shops at Friendly	Greensboro, NC	1,318,688	November
Community Centers:			
Brassfield Square	Greensboro, NC	194,520	November
Caldwell Court	Greensboro, NC	13,899	November
Garden Square	Greensboro, NC	24,480	November
Hunt Village	Greensboro, NC	31,268	November
New Garden Center	Greensboro, NC	110,073	November
Northwest Center	Greensboro, NC	85,856	November
Oak Hollow Square	High Point, NC	138,673	November
Westridge Square	Greensboro, NC	215,193	November
Office Buildings:			
1500 Sunday Drive Building	Raleigh, NC	61,227	November
706 Green Valley Road Building	Greensboro, NC	139,050	November
840 Greenbrier Circle Building	Chesapeake, VA	48,756	November
850 Greenbrier Circle Building	Chesapeake, VA	81,318	November
Bank of America Building	Greensboro, NC	49,327	November
First Citizens Bank Building	Greensboro, NC	43,088	November
First National Bank Building	Greensboro, NC	3,774	November
Friendly Center Office Building	Greensboro, NC	32,478	November
Green Valley Office Building	Greensboro, NC	27,604	November
Lake Point Office Building	Greensboro, NC	88,088	November
Oak Branch Business Center	Greensboro, NC	32,693	November
One Oyster Point	Newport News, VA	36,610	November
Peninsula Business Center I	Newport News, VA	21,923	November
Peninsula Business Center II	Newport News, VA	40,430	November
Suntrust Bank Building	Greensboro, NC	106,968	November
Two Oyster Point	Newport News, VA	39,049	November
Wachovia Office Building	Greensboro, NC	12,000	November
Westridge Suites	Greensboro, NC	11,187	November

(1) These Properties are owned by a Company-controlled entity in which we own all of the common stock and are entitled to receive 100% of each Property's cash flow after payment of operating expenses, debt service payments and preferred distributions to our third-party partner.

(2) 50/50 joint venture

Environmental Matters

A discussion of the current effects and potential future impacts on our business and Properties of compliance with federal, state and local environmental regulations is presented in Item 1A of this Annual Report on Form 10-K under the subheading "Risks Related to Real Estate Investments."

Competition

The Properties compete with various shopping facilities in attracting retailers to lease space. In addition, retailers at our Properties face competition from discount shopping centers, outlet malls, wholesale clubs, direct mail, television shopping networks, the internet and other retail shopping

developments. The extent of the retail competition varies from market to market. We work aggressively to attract customers through marketing promotions and campaigns.

Seasonality

Our business is somewhat seasonal in nature with tenant sales achieving the highest levels during the fourth quarter because of the holiday season, which results in higher percentage rent income in the fourth quarter. The Malls earn most of their "temporary" rents (rents from short-term tenants) during the holiday period. Thus, occupancy levels and revenue production are generally the highest in the fourth quarter of each year. Results of operations realized in any one quarter may not be indicative of the results likely to be experienced over the course of the entire year.

Recent Developments

Acquisitions

We closed on two separate transactions with the Westfield Group ("Westfield") on October 16, 2007, involving four malls located in the St. Louis, MO area. In the first transaction, Westfield contributed three malls to CW Joint Venture, LLC, a Company-controlled entity ("CWJV"), and we contributed six malls and three associated centers. Because the terms of CWJV provide for us to control CWJV and to receive all of CWJV's net cash flows after payment of operating expenses, debt service payments and perpetual preferred joint venture unit distributions, described below, we have accounted for the three malls contributed by Westfield as an acquisition. In the second transaction, we directly acquired the fourth mall from Westfield.

The purchase price of the three malls contributed to CWJV by Westfield plus the mall that was directly acquired was $1.04 billion. The total purchase price consisted of $164.1 million of cash, including transaction costs, the assumption of $458.2 million of non-recourse debt that bears interest at a weighted-average fixed interest rate of 5.73% and matures at various dates from July 2011 to September 2016, and the issuance of $404.1 million of perpetual preferred joint venture units ("PJV units") of CWJV, which is net of a reduction for working capital adjustments of $9.0 million. We recorded a total net discount of $4.1 million, computed using a weighted-average interest rate of 5.78%, since the debt assumed was at a weighted-average below-market interest rate compared to similar debt instruments at the date of acquisition.

In November 2007, Westfield contributed a vacant anchor location at one of the malls to CWJV in exchange for $12.0 million of additional PJV units. We have also accounted for this transaction as an acquisition.

The PJV units pay an annual preferred distribution at a rate of 5.0%. We will have the right, but not the obligation, to purchase the PJV units after October 16, 2012 at their liquidation value, plus accrued and unpaid distributions. We are responsible for management and leasing of CWJV's properties and we own all of the common units of CWJV, entitling us to receive 100% of CWJV's cash flow after payment of operating expenses, debt service payments and PJV unit distributions. Westfield's preferred interest in CWJV is included in minority interest in the consolidated balance sheet.

On November 30, 2007, we acquired from the Starmount Company a portfolio of eight community centers located in Greensboro and High Point, NC, and twelve office buildings located in Greensboro and Raleigh, NC and Newport News, VA. The transaction was valued at an aggregate $184.2 million.

Investments in Joint Ventures

Effective November 30, 2007, we entered into a 50/50 joint venture partnership, CBL-TRS Joint Venture, LLC ("CBL-TRS"), with the Teachers' Retirement System of The State of Illinois ("TRS"). CBL-TRS acquired a portfolio of retail and office buildings in North Carolina including Friendly Center and The Shops at Friendly Center in Greensboro and six office buildings located adjacent to Friendly Center. The portfolio was acquired from the Starmount Company. The total purchase price paid by CBL-TRS was $260.7 million. The joint venture

assumed $44.5 million of non-recourse, long-term fixed debt at an interest rate of 5.90%, secured by Phase One of The Shops at Friendly Center.

In October 2007, we entered into a condominium partnership agreement with several individual investors and a former land owner, to acquire a 60% interest in a new retail development in Macaé, Brazil. The 220,000-square-foot project, Plaza Macaé, is currently under construction with a grand opening scheduled for summer 2008. Our total share of the costs is capped at R$31.2 million (Reas), or using the exchange rate as of December 31, 2007 of 0.562114, $17.5 million USD. At December 31, 2007, we had contributed $9.8 million USD. Tenco Realty ("Tenco"), a retail owner, operator and developer based in Belo Horizonte, Brazil, will develop and manage the center. Cash flows will be distributed on a pari passu basis among the partners. In November 2007, we announced that we had agreed to form a joint venture with Tenco. CBL will have the opportunity to purchase a minimum 51% interest in any future Tenco Realty developments.

In February 2007, we acquired a 6.2% interest in subsidiaries of Jinsheng Group ("Jinsheng"), an established mall operating and real estate development company located in Nanjing, China, for $10.1 million. As of December 31, 2007, Jinsheng owns controlling interests in four home decor shopping malls and two general retail shopping centers.

In August 2007, we entered into an agreement with a third party to develop and operate Statesboro Crossing, an open-air shopping center in Statesboro, GA. We own a 50% interest in this entity.

In May 2007, we entered into an agreement with certain third parties to develop and operate The Village at Orchard Hills, a lifestyle center in Grand Rapids Township, MI. We own a 50% interest in this entity.

In March 2007, we entered into an amended and restated agreement with a third party to develop and operate Settlers Ridge, an open-air shopping center in Robinson Township, PA. We own a 60% interest in this entity.

Financings

In September 2007, we amended the largest secured credit facility to increase the maximum availability from $476.0 million to $525.0 million and to substitute certain collateral under the facility. We also pay a fee based on the amount of unused availability under this secured credit facility at a rate of 0.125% or 0.250%, depending on the level of unused availability.

In November 2007, in conjunction with the acquisition of certain properties from the Starmount Company or its affiliates (the "Starmount Properties"), we entered into an Unsecured Credit Agreement (the "Agreement") with Wells Fargo Bank, National Association, as administrative agent, U.S. Bank National Association, Bank of America, N.A., and Aareal Bank AG. Under the terms of the Agreement, we may borrow up to a total of $459.1 million through a series of up to three separate advances. The proceeds received from the advances may only be used to fund the acquisition of the Starmount Properties. Borrowings of up to $193.0 million and $266.1 million mature on November 30, 2008 and November 30, 2010 (the "Maturity Dates"), respectively. We may extend each of the Maturity Dates by up to two periods of one year each and must pay an extension fee equal to 0.15% of the then current outstanding amount. The advances bear interest at a rate of LIBOR plus a margin ranging from 0.95% to 1.40% based on our leverage ratio, as defined in the Agreement. Accrued and unpaid interest on the outstanding principal amount of each advance is payable monthly and we may make voluntary prepayments prior to the Maturity Dates without penalty. Net proceeds from a sale, of any of the properties originally purchased with borrowings from this unsecured credit agreement, or our share of excess proceeds from any refinancings must be used to pay down any remaining outstanding balance. The Agreement contains default provisions customary for transactions of this nature and also contains cross-default provisions for defaults of our $560.0 million unsecured facility and

$525.0 million unsecured facility. At December 31, 2007, the outstanding borrowings under this unsecured credit agreement totaled $348.8 million and had a weighted average interest rate of 5.95%.

During the second quarter of 2007, we obtained two separate ten-year, non-recourse loans totaling $207.5 million that bear interest at fixed rates ranging from 5.60% to 5.66%, with a weighted average of 5.61%. The loans are secured by Gulf Coast Town Center and Eastgate Crossing. The proceeds were used to retire two variable rate loans totaling $143.3 million and to reduce outstanding balances on our credit facilities to the extent of our share of the excess proceeds.

During the first quarter of 2007, we obtained six separate ten-year, non-recourse loans totaling $417.0 million that bear interest at fixed rates ranging from 5.67% to 5.68%, with a weighted average of 5.67%. The loans are secured by Mall of Acadiana, Citadel Mall, The Plaza at Fayette Mall, Layton Hills Mall and its associated center, Hamilton Corner and The Shoppes at St. Clair Square. The proceeds were used to retire $92.1 million of mortgage notes payable that were scheduled to mature during the subsequent twelve months and to pay outstanding balances on our credit facilities. The mortgage notes payable that were retired consisted of two variable rate term loans totaling $51.8 million and three fixed rate loans totaling $40.3 million. We recorded a loss on extinguishment of debt of $0.2 million related to prepayment fees and the write-off of unamortized deferred financing costs associated with the loans that were retired.

Equity Transactions

On August 2, 2007, our Board of Directors approved a $100 million common stock repurchase plan effective for twelve months. Under the August 2007 plan, we may purchase shares of our common stock from time to time, subject to market conditions and at prevailing market prices, through open market purchases. Any stock repurchases are to be funded through our available cash and credit facilities. We are not obligated to repurchase any shares of stock under the plan and we may terminate the plan at any time. Repurchased shares are deemed retired and are, accordingly, cancelled and no longer considered issued. As of December 31, 2007, we had repurchased 148,500 shares under the August 2007 plan at a cost of approximately $5.2 million.

On June 28, 2007, we redeemed the 2,000,000 outstanding shares of our 8.75% Series B Cumulative Redeemable Stock (the “Series B Preferred Stock”) for $100.0 million, representing a liquidation preference of $50.00 per share, plus accrued and unpaid dividends of $2.1 million. In connection with the redemption of the Series B Preferred Stock, we recorded a charge of $3.6 million to write off direct issuance costs that were recorded as a reduction of additional paid-in capital when the Series B Preferred Stock was issued. The charge is included in preferred dividends in the accompanying consolidated statements of operations for the year ended December 31, 2007.

Other

On December 31, 2007, we entered into a $250.0 million pay fixed/receive variable swap with Wells Fargo Bank, National Association, to hedge the interest rate risk exposure on an amount of our debt principal equal to the swap notional amount. This interest rate swap hedges the risk of changes in cash flows on our designated forecasted interest payments attributable to changes in 1-month LIBOR, the designated benchmark interest rate being hedged, thereby reducing exposure to variability in cash flows relating to interest payments on our variable-rate debt. The interest rate swap will effectively fix our interest payments at 4.605% on debt principal corresponding to the swap notional amount. The swap matures on December 30, 2009.

During August 2007, we sold Twin Peaks Mall in Longmont, CO to a third party for an aggregate sales price of $33.6 million and recognized a gain on the sale of $4.0 million. During December 2007, we sold The Shops at Pineda Ridge in Melbourne, FL to a third party for an aggregate sales price of $8.5 million and recognized a gain on the sale of $2.3 million.

During the fourth quarter of 2007, we recognized an impairment loss on our investment in marketable real estate securities of $18.5 million due to a significant decline in their fair value.

Financial Information About Segments

See Note 12 to the consolidated financial statements for information about our reportable segments.

Employees

CBL does not have any employees other than its statutory officers. Our Management Company currently has 864 full-time and 662 part-time employees. None of our employees are represented by a union.

Corporate Offices

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

Available Information

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

ITEM 1A. RISK FACTORS

Set forth below are certain factors that may adversely affect our business, financial condition, results of operations and cash flows. Any one or more of the following factors may cause our actual results for various financial reporting periods to differ materially from those expressed in any forward-looking statements made by us, or on our behalf. See "Cautionary Statement Regarding Forward-Looking Statements" contained herein on page 1.

RISKS RELATED TO REAL ESTATE INVESTMENTS

Real property investments are subject to various risks, many of which are beyond our control, that could cause declines in the operating revenues and/or the underlying value of one or more of our Properties.

A number of factors may decrease the income generated by a retail shopping center property, including:

- National, regional and local economic climates, which may be negatively impacted by loss of jobs, production slowdowns, adverse weather conditions, natural disasters, declines in residential real estate activity and other factors which tend to reduce consumer spending on retail goods.
- Local real estate conditions, such as an oversupply of, or reduction in demand for, retail space or retail goods, and the availability and creditworthiness of current and prospective tenants.
- Increased operating costs, such as increases in repairs and maintenance, real property taxes, utility rates and insurance premiums.
- Delays or cost increases associated with the opening of new or renovated properties, due to higher than estimated construction costs, cost overruns, delays in receiving zoning, occupancy

or other governmental approvals, lack of availability of materials and labor, weather conditions, and similar factors which may be outside our ability to control.

- Perceptions by retailers or shoppers of the safety, convenience and attractiveness of the shopping center.
- The willingness and ability of the shopping center's owner to provide capable management and maintenance services.
- The convenience and quality of competing retail properties and other retailing options, such as the Internet.

In addition, other factors may adversely affect the value of our Properties without affecting their current revenues, including:

- Adverse changes in governmental regulations, such as local zoning and land use laws, environmental regulations or local tax structures that could inhibit our ability to proceed with development, expansion, or renovation activities that otherwise would be beneficial to our Properties.
- Potential environmental or other legal liabilities that reduce the amount of funds available to us for investment in our Properties.
- Any inability to obtain sufficient financing (including both construction financing and permanent debt), or the inability to obtain such financing on commercially favorable terms, to fund new developments, acquisitions, and property expansions and renovations which otherwise would benefit our Properties.
- An environment of rising interest rates, which could negatively impact both the value of commercial real estate such as retail shopping centers and the overall retail climate.

Illiquidity of real estate investments could significantly affect our ability to respond to adverse changes in the performance of our properties and harm our financial condition.

Substantially all of our total consolidated assets consist of investments in real properties. Because real estate investments are relatively illiquid, our ability to quickly sell one or more properties in our portfolio in response to changing economic, financial and investment conditions is limited. The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand for space, that are beyond our control. We cannot predict whether we will be able to sell any property for the price or on the terms we set, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property.

Before a property can be sold, we might be required to make expenditures to correct defects or to make improvements. We cannot assure you that we will have funds available to correct those defects or to make those improvements, and if we cannot do so, we might not be able to sell the property, or might be required to sell the property on unfavorable terms. In acquiring a property, we might agree to provisions that materially restrict us from selling that property for a period of time or impose other restrictions, such as limitations on the amount of debt that can be placed or repaid on that property. These factors and any others that would impede our ability to respond to adverse changes in the performance of our properties could adversely affect our financial condition and results of operations.

We may elect not to proceed with certain development or expansion projects once they have been undertaken, resulting in charges that could have a material adverse effect on our results of operations for the period in which the charge is taken.

We intend to pursue development and expansion activities as opportunities arise. In connection with any development or expansion, we will incur various risks including the risk that development or expansion opportunities explored by us may be abandoned and the risk that construction costs of a project may exceed original estimates, possibly making the project not profitable. Other risks include the risk that we may not be able to refinance construction loans which are generally with full recourse to us, the risk that occupancy rates and rents at a completed project will not meet projections and will be insufficient to make the project profitable, and the risk that we will not be able to obtain anchor, mortgage lender and property partner approvals for certain expansion activities. In the event of an unsuccessful development project, we could lose our total investment in the project.

We have in the past elected not to proceed with certain development projects and anticipate that we will do so again from time to time in the future. If we elect not to proceed with a development opportunity, the development costs ordinarily will be charged against income for the then-current period. Any such charge could have a material adverse effect on our results of operations for the period in which the charge is taken.

Certain of our Properties are subject to ownership interests held by third parties, whose interests may conflict with ours and thereby constrain us from taking actions concerning these properties which otherwise would be in the best interests of the Company and our stockholders.

We own partial interests in 22 malls, nine associated centers, four community centers and seven office buildings. We manage all but ten of these properties. Friendly Center and Shops at Friendly Center, along with a portfolio of six office buildings, were purchased from the Starmount Company in November 2007. These Properties were immediately contributed to a joint venture with a third party. Four of the Properties that are located in Virginia were managed by their pre-acquisition property managers through December 2007. The remainder of the Properties continue to be managed by their pre-acquisition property managers through February 2008. Governor’s Square, Governor’s Plaza and Kentucky Oaks are all owned by joint ventures and are managed by a property manager that is affiliated with the third party managing general partner. The property manager performs the property management and leasing services for these three Properties and receives a fee for its services. The managing partner the Properties controls the cash flow distributions, although our approval is required for certain major decisions.

Where we serve as managing general partner of the partnerships that own our Properties, we may have certain fiduciary responsibilities to the other partners in those partnerships. In certain cases, the approval or consent of the other partners is required before we may sell, finance, expand or make other significant changes in the operations of such Properties. To the extent such approvals or consents are required, we may experience difficulty in, or may be prevented from, implementing our plans with respect to expansion, development, financing or other similar transactions with respect to such Properties.

With respect to those properties for which we do not serve as managing general partner, we do not have day-to-day operational control or control over certain major decisions, including leasing and the timing and amount of distributions, which could result in decisions by the managing general partner that do not fully reflect our interests. This includes decisions relating to the requirements that we must satisfy in order to maintain our status as a REIT for tax purposes. However, decisions relating to sales, expansion and disposition of all or substantially all of the assets and financings are subject to approval by the Operating Partnership.

We may incur significant costs related to compliance with environmental laws, which could have a material adverse effect on our results of operations, cash flow and the funds available to us to pay dividends.

Under various federal, state and local laws, ordinances and regulations, a current or previous owner or operator of real estate may be liable for the costs of removal or remediation of petroleum, certain hazardous or toxic substances on, under or in such real estate. Such laws typically impose such liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such substances. The costs of remediation or removal of such substances may be substantial. The presence of such substances, or the failure to promptly remove or remediate such substances, may adversely affect the owner's or operator's ability to lease or sell such real estate or to borrow using such real estate as collateral. Persons who arrange for the disposal or treatment of hazardous or toxic substances may also be liable for the costs of removal or remediation of such substances at the disposal or treatment facility, regardless of whether such facility is owned or operated by such person. Certain laws also impose requirements on conditions and activities that may affect the environment or the impact of the environment on human health. Failure to comply with such requirements could result in the imposition of monetary penalties (in addition to the costs to achieve compliance) and potential liabilities to third parties. Among other things, certain laws require abatement or removal of friable and certain non-friable asbestos-containing materials in the event of demolition or certain renovations or remodeling. Certain laws regarding asbestos-containing materials require building owners and lessees, among other things, to notify and train certain employees working in areas known or presumed to contain asbestos-containing materials. Certain laws also impose liability for release of asbestos-containing materials into the air and third parties may seek recovery from owners or operators of real properties for personal injury or property damage associated with asbestos-containing materials. In connection with the ownership and operation of properties, we may be potentially liable for all or a portion of such costs or claims.

All of our Properties (but not properties for which we hold an option to purchase but do not yet own) have been subject to Phase I environmental assessments or updates of existing Phase I environmental assessments. Such assessments generally consisted of a visual inspection of the Properties, review of federal and state environmental databases and certain information regarding historic uses of the property and adjacent areas and the preparation and issuance of written reports. Some of the Properties contain, or contained, underground storage tanks used for storing petroleum products or wastes typically associated with automobile service or other operations conducted at the Properties. Certain Properties contain, or contained, dry-cleaning establishments utilizing solvents. Where believed to be warranted, samplings of building materials or subsurface investigations were undertaken. At certain Properties, where warranted by the conditions, we have developed and implemented an operations and maintenance program that establishes operating procedures with respect to asbestos-containing materials. The costs associated with the development and implementation of such programs were not material. We have also obtained environmental insurance coverage at certain of our Properties.

We believe that our Properties are in compliance in all material respects with all federal, state and local ordinances and regulations regarding the handling, discharge and emission of hazardous or toxic substances. We have recorded in our financial statements a liability of $2.6 million related to potential future asbestos abatement activities at our Properties which are not expected to have a material impact on our financial condition or results of operations. We have not been notified by any governmental authority, and are not otherwise aware, of any material noncompliance, liability or claim relating to hazardous or toxic substances in connection with any of our present or former Properties. Therefore, we have not recorded any liability related to hazardous or toxic substances. Nevertheless, it is possible that the environmental assessments available to us do not reveal all potential environmental liabilities. It is also possible that subsequent investigations will identify material contamination, that adverse environmental conditions have arisen subsequent to the performance of the environmental assessments, or that there are material environmental liabilities of which management is unaware. Moreover, no assurances can be given that (i) future laws, ordinances or regulations will not impose any material environmental liability or (ii) the current environmental condition of the Properties has not been or will not be affected by tenants and occupants of the Properties, by the condition of properties in the vicinity of the Properties or by third parties unrelated to us, the Operating Partnership or the relevant Property's partnership.

RISKS RELATED TO OUR BUSINESS AND THE MARKET FOR OUR STOCK

Competition from other retail formats could adversely affect the revenues generated by our Properties, resulting in a reduction in funds available for distribution to our stockholders.

There are numerous shopping facilities that compete with our Properties in attracting retailers to lease space. In addition, retailers at our Properties face competition for customers from:

- Discount shopping centers
- Outlet malls
- Wholesale clubs
- Direct mail
- Telemarketing
- Television shopping networks
- Shopping via the Internet

Each of these competitive factors could adversely affect the amount of rents and tenant reimbursements that we are able to collect from our tenants, thereby reducing our revenues and the funds available for distribution to our stockholders.

The loss of one or more significant tenants, due to bankruptcies or as a result of ongoing consolidations in the retail industry, could adversely affect both the operating revenues and value of our Properties.

Regional malls are typically anchored by well-known department stores and other significant tenants who generate shopping traffic at the mall. A decision by an anchor tenant or other significant tenant to cease operations at one or more Properties could have a material adverse effect on those Properties and, by extension, on our financial condition and results of operations. The closing of an anchor or other significant tenant may allow other anchors and/or tenants at an affected Property to terminate their leases, to seek rent relief and/or cease operating their stores or otherwise adversely affect occupancy at the Property. In addition, key tenants at one or more Properties might terminate their leases as a result of mergers, acquisitions, consolidations, dispositions or bankruptcies in the retail industry. The bankruptcy and/or closure of one or more significant tenants, if we are not able to successfully re-tenant the affected space, could have a material adverse effect on both the operating revenues and underlying value of the Properties involved.

Inflation may adversely affect our financial condition and results of operations.

Although inflation has not materially impacted our operations in the recent past, increased inflation could have a more pronounced negative impact on our mortgage and debt interest and general and administrative expenses, as these costs could increase at a rate higher than our rents. Also, inflation may adversely affect tenant leases with stated rent increases, which could be lower than the increase in inflation at any given time. Inflation could also have an adverse effect on consumer spending which could impact our tenants' sales and, in turn, our overage rents, where applicable.

Certain agreements with prior owners of Properties that we have acquired may inhibit our ability to enter into future sale or refinancing transactions affecting such Properties, which otherwise would be in the best interests of the Company and our stockholders.

16

Certain Properties that we originally acquired from third parties had unrealized gain attributable to the difference between the fair market value of such Properties and the third parties' adjusted tax basis in the Properties immediately prior to their contribution of such Properties to the Operating Partnership pursuant to our acquisition. For this reason, a taxable sale by us of any of such Properties, or a significant reduction in the debt encumbering such Properties, could result in adverse tax consequences to the third parties who contributed these Properties in exchange for interests in the Operating Partnership. Under the terms of these transactions, we have generally agreed that we either will not sell or refinance such an acquired Property for a number of years in any transaction that would trigger adverse tax consequences for the parties from whom we acquired such Property, or else we will reimburse such parties for all or a portion of the additional taxes they are required to pay as a result of the transaction. Accordingly, these agreements may cause us not to engage in future sale or refinancing transactions affecting such Properties which otherwise would be in the best interests of the Company and our stockholders, or may increase the costs to us of engaging in such transactions.

Uninsured losses could adversely affect our financial condition, and in the future our insurance may not include coverage for acts of terrorism.

We carry a comprehensive blanket policy for general liability, property casualty (including fire, earthquake and flood) and rental loss covering all of the Properties, with specifications and insured limits customarily carried for similar properties. However, even insured losses could result in a serious disruption to our business and delay our receipt of revenue. Furthermore, there are some types of losses, including lease and other contract claims, as well as some types of environmental losses, that generally are not insured or are not economically insurable. If an uninsured loss or a loss in excess of insured limits occurs, we could lose all or a portion of the capital we have invested in a Property, as well as the anticipated future revenue from the Property. If this happens, we, or the applicable Property's partnership, may still remain obligated for any mortgage debt or other financial obligations related to the Property.

The general liability and property casualty insurance policies on our Properties currently include coverage for loss resulting from acts of terrorism, whether foreign or domestic. While we believe that the Properties are adequately insured in accordance with industry standards, the cost of general liability and property casualty insurance policies that include coverage for acts of terrorism has risen significantly post-September 11, 2001. The cost of coverage for acts of terrorism is currently mitigated by the Terrorism Risk Insurance Act ("TRIA"). If TRIA is not extended beyond its current expiration date of December 31, 2014, we may incur higher insurance costs and greater difficulty in obtaining insurance that covers terrorist-related damages. Our tenants may also experience similar difficulties.

The U.S. federal income tax treatment of corporate dividends may make our stock less attractive to investors, thereby lowering our stock price.

The maximum U.S. federal income tax rate for dividends received by individual taxpayers has been reduced generally from 38.6% to 15.0% (currently effective from January 1, 2003 through 2010). However, dividends payable by REITs are generally not eligible for such treatment. Although this legislation did not have a directly adverse effect on the taxation of REITs or dividends paid by REITs, the more favorable treatment for non-REIT dividends could cause individual investors to consider investments in non-REIT corporations as more attractive relative to an investment in a REIT, which could have an adverse impact on the market price of our stock.

RISKS RELATED TO GEOGRAPHIC CONCENTRATIONS

Since our Properties are located principally in the Southeastern and Midwestern United States, our financial position, results of operations and funds available for distribution to shareholders are subject generally to economic conditions in these regions.

17

Our Properties are located principally in the southeastern and midwestern United States. Our Properties located in the southeastern United States accounted for approximately 51.7% of our total revenues from all Properties for the year ended December 31, 2007 and currently include 44 malls, 20 associated centers, 10 community centers and 19 office buildings. Our Properties located in the midwestern United States accounted for approximately 29.5% of our total revenues from all Properties for the year ended December 31, 2007 and currently include 26 malls and 4 associated centers. Our results of operations and funds available for distribution to shareholders therefore will be subject generally to economic conditions in the southeastern and midwestern United States. We will continue to look for opportunities to geographically diversify our portfolio in order to minimize dependency on any particular region; however, the expansion of the portfolio through both acquisitions and developments is contingent on many factors including consumer demand, competition and economic conditions.

Our financial position, results of operations and funds available for distribution to shareholders could be adversely affected by any economic downturn affecting the operating results at our Properties in the Nashville, TN, Pittsburgh, PA, Kansas City, KS, Madison, WI and Chattanooga, TN metropolitan areas, which are our five largest markets.

Our Properties located in the Nashville, TN, Pittsburgh, PA, Kansas City (Overland Park), KS, Madison, WI and Chattanooga, TN metropolitan areas accounted for 5.2%, 4.5%, 3.5%, 3.0% and 3.0%, respectively, of our total revenues for the year ended December 31, 2007, respectively. No other market accounted for more than 3.0% of our total revenues for the year ended December 31, 2007. Our financial position and results of operations will therefore be affected by the results experienced at Properties located in these metropolitan areas.

RISKS RELATED TO DEBT AND FINANCIAL MARKETS

We may not have access to the capital needed to refinance debt or obtain new debt.

We are significantly dependent upon external financing to fund the growth of our business and ensure that we meet our debt servicing requirements. Our access to financing depends on the willingness of banks to lend to us, our credit rating and conditions in the capital markets in general. We cannot make any assurances as to whether we will be able to obtain debt for refinancings or to fund our growth, or that financing options available to us will be on favorable or acceptable terms.

Rising interest rates could both increase our borrowing costs, thereby adversely affecting our cash flow and the amounts available for distributions to our stockholders, and decrease our stock price, if investors seek higher yields through other investments.

An environment of rising interest rates could lead holders of our securities to seek higher yields through other investments, which could adversely affect the market price of our stock. One of the factors that may influence the price of our stock in public markets is the annual distribution rate we pay as compared with the yields on alternative investments. Numerous other factors, such as governmental regulatory action and tax laws, could have a significant impact on the future market price of our stock.

In addition, increases in market interest rates could result in increased borrowing costs for us, which may adversely affect our cash flow and the amounts available for distributions to our stockholders.

Certain of our credit facilities, the loss of which could have a material, adverse impact on our financial condition and results of operations, are conditioned upon the Operating Partnership continuing to be managed by certain members of its current senior management and by such members of senior management continuing to own a significant direct or indirect equity interest in the Operating Partnership.

Certain of the Operating Partnership's lines of credit are conditioned upon the Operating Partnership continuing to be managed by certain members of its current senior management and by such members of senior management continuing to own a significant direct or indirect equity interest in the Operating Partnership (including any shares of our common stock owned by such members of senior management). If the failure of one or more of these conditions resulted in the loss of these credit facilities and we were unable to obtain suitable replacement financing, such loss could have a material, adverse impact on our financial position and results of operations.

RISKS RELATED TO FEDERAL INCOME TAX LAWS

We conduct a portion of our business through taxable REIT subsidiaries, which are subject to certain tax risks.

We have established several taxable REIT subsidiaries including our management company. Despite our qualification as a REIT, our taxable REIT subsidiaries must pay income tax on their taxable income. In addition, we must comply with various tests to continue to qualify as a REIT for federal income tax purposes, and our income from and investments in our taxable REIT subsidiaries generally do not constitute permissible income and investments for these tests. While we will attempt to ensure that our dealings with our taxable REIT subsidiaries will not adversely affect our REIT qualification, we cannot provide assurance that we will successfully achieve that result. Furthermore, we may be subject to a 100% penalty tax, or our taxable REIT subsidiaries may be denied deductions, to the extent our dealings with our taxable REIT subsidiaries are not deemed to be arm's length in nature.

If we fail to qualify as a REIT in any taxable year, our funds available for distribution to stockholders will be reduced.

We intend to continue to operate so as to qualify as a REIT under the Internal Revenue Code. Although we believe that we are organized and operate in such a manner, no assurance can be given that we currently qualify and in the future will continue to qualify as a REIT. Such qualification involves the application of highly technical and complex Internal Revenue Code provisions for which there are only limited judicial or administrative interpretations. The determination of various factual matters and circumstances not entirely within our control may affect our ability to qualify. In addition, no assurance can be given that legislation, new regulations, administrative interpretations or court decisions will not significantly change the tax laws with respect to qualification or its corresponding federal income tax consequences. Any such change could have a retroactive effect.

If in any taxable year we were to fail to qualify as a REIT, we would not be allowed a deduction for distributions to stockholders in computing our taxable income and we would be subject to federal income tax on our taxable income at regular corporate rates. Unless entitled to relief under certain statutory provisions, we also would be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost. As a result, the funds available for distribution to our stockholders would be reduced for each of the years involved. This would likely have a significant adverse effect on the value of our securities and our ability to raise additional capital. In addition, we would no longer be required to make distributions to our stockholders. We currently intend to operate in a manner designed to qualify as a REIT.

However, it is possible that future economic, market, legal, tax

or other considerations may cause our board of directors, with the consent of a majority of our stockholders, to revoke the REIT election.

Any issuance or transfer of our capital stock to any person in excess of the applicable limits on ownership necessary to maintain our status as a REIT would be deemed void ab initio, and those shares would automatically be transferred to a non-affiliated charitable trust.

To maintain our status as a REIT under the Internal Revenue Code, not more than 50% in value of our outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) during the last half of a taxable year. Our certificate of incorporation generally prohibits ownership of more than 6% of the outstanding shares of our capital stock by any single stockholder determined by vote, value or number of shares (other than Charles Lebovitz, our Chief Executive Officer, David Jacobs, Richard Jacobs and their affiliates under the Internal Revenue Code's attribution rules). The affirmative vote of $66^{2}/_{3}$% of our outstanding voting stock is required to amend this provision.

Our board of directors may, subject to certain conditions, waive the applicable ownership limit upon receipt of a ruling from the IRS or an opinion of counsel to the effect that such ownership will not jeopardize our status as a REIT. Absent any such waiver, however, any issuance or transfer of our capital stock to any person in excess of the applicable ownership limit or any issuance or transfer of shares of such stock which would cause us to be beneficially owned by fewer than 100 persons, will be null and void and the intended transferee will acquire no rights to the stock. Instead, such issuance or transfer with respect to that number of shares that would be owned by the transferee in excess of the ownership limit provision would be deemed void*ab initio* and those shares would automatically be transferred to a trust for the exclusive benefit of a charitable beneficiary to be designated by us, with a trustee designated by us, but who would not be affiliated with us or with the prohibited owner. Any acquisition of our capital stock and continued holding or ownership of our capital stock constitutes, under our certificate of incorporation, a continuous representation of compliance with the applicable ownership limit.

In order to maintain our status as a REIT and avoid the imposition of certain additional taxes under the Internal Revenue Code, we must satisfy minimum requirements for distributions to shareholders, which may limit the amount of cash we might otherwise have been able to retain for use in growing our business.

To maintain our status as a REIT under the Internal Revenue Code, we generally will be required each year to distribute to our stockholders at least 90% of our taxable income after certain adjustments. However, to the extent that we do not distribute all of our net capital gain or distribute at least 90% but less than 100% of our REIT taxable income, as adjusted, we will be subject to tax on the undistributed amount at ordinary and capital gains corporate tax rates, as the case may be. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which certain distributions paid by us during each calendar year are less than the sum of 85% of our ordinary income for such calendar year, 95% of our capital gain net income for the calendar year and any amount of such income that was not distributed in prior years. In the case of property acquisitions, including our initial formation, where individual Properties are contributed to our Operating Partnership for Operating Partnership units, we have assumed the tax basis and depreciation schedules of the entities' contributing Properties. The relatively low tax basis of such contributed Properties may have the effect of increasing the cash amounts we are required to distribute as dividends, thereby potentially limiting the amount of cash we might otherwise have been able to retain for use in growing our business. This low tax basis may also have the effect of reducing or eliminating the portion of distributions made by us that are treated as a non-taxable return of capital.

RISKS RELATED TO OUR ORGANIZATIONAL STRUCTURE

The ownership limit described above, as well as certain provisions in our amended and restated certificate of incorporation and bylaws, our stockholder rights plan, and certain provisions of Delaware law may hinder any attempt to acquire us.

There are certain provisions of Delaware law, our amended and restated certificate of incorporation, our bylaws, and other agreements to which we are a party that may have the effect of delaying, deferring or preventing a third party from making an acquisition proposal for us. These provisions may also inhibit a change in control that some, or a majority, of our stockholders might believe to be in their best interest or that could give our stockholders the opportunity to realize a premium over the then-prevailing market prices for their shares. These provisions and agreements are summarized as follows:

- The Ownership Limit – As described above, to maintain our status as a REIT under the Internal Revenue Code, not more than 50% in value of our outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) during the last half of a taxable year. Our certificate of incorporation generally prohibits ownership of more than 6% of the outstanding shares of our capital stock by any single stockholder determined by value (other than Charles Lebovitz, David Jacobs, Richard Jacobs and their affiliates under the Internal Revenue Code’s attribution rules). In addition to preserving our status as a REIT, the ownership limit may have the effect of precluding an acquisition of control of us without the approval of our board of directors.

- Classified Board of Directors; Removal for Cause – Our certificate of incorporation provides for a board of directors divided into three classes, with one class elected each year to serve for a three-year term. As a result, at least two annual meetings of stockholders may be required for the stockholders to change a majority of our board of directors. In addition, our stockholders can only remove directors for cause and only by a vote of 75% of the outstanding voting stock. Collectively, these provisions make it more difficult to change the composition of our board of directors and may have the effect of encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with our board of directors rather than pursue non-negotiated takeover attempts.

- Advance Notice Requirements for Stockholder Proposals – Our bylaws establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our stockholders. These procedures generally require advance written notice of any such proposals, containing prescribed information, to be given to our Secretary at our principal executive offices not less than 60 days nor more than 90 days prior to the meeting.

- Vote Required to Amend Bylaws – A vote of $66^{2}/_{3}$% of the outstanding voting stock is necessary to amend our bylaws.

- Stockholder Rights Plan – We have a stockholder rights plan, which may delay, deter or prevent a change in control unless the acquirer negotiates with our board of directors and the board of directors approves the transaction. The rights plan generally would be triggered if an entity, group or person acquires (or announces a plan to acquire) 15% or more of our common stock. If such transaction is not approved by our board of directors, the effect of the stockholder rights plan would be to allow our stockholders to purchase shares of our common stock, or the common stock or other merger consideration paid by the acquiring entity, at an effective 50% discount.

- Delaware Anti-Takeover Statute – We are a Delaware corporation and are subject to Section 203 of the Delaware General Corporation Law. In general, Section 203 prevents an “interested

stockholder" (defined generally as a person owning 15% or more of a company's outstanding voting stock) from engaging in a "business combination" (as defined in Section 203) with us for three years following the date that person becomes an interested stockholder unless:

(a) before that person became an interested holder, our board of directors approved the transaction in which the interested holder became an interested stockholder or approved the business combination;

(b) upon completion of the transaction that resulted in the interested stockholder becoming an interested stockholder, the interested stockholder owns 85% of our voting stock outstanding at the time the transaction commenced (excluding stock held by directors who are also officers and by employee stock plans that do not provide employees with the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer); or

(c) following the transaction in which that person became an interested stockholder, the business combination is approved by our board of directors and authorized at a meeting of stockholders by the affirmative vote of the holders of at least two-thirds of our outstanding voting stock not owned by the interested stockholder.

Under Section 203, these restrictions also do not apply to certain business combinations proposed by an interested stockholder following the announcement or notification of certain extraordinary transactions involving us and a person who was not an interested stockholder during the previous three years or who became an interested stockholder with the approval of a majority of our directors, if that extraordinary transaction is approved or not opposed by a majority of the directors who were directors before any person became an interested stockholder in the previous three years or who were recommended for election or elected to succeed such directors by a majority of directors then in office.

Certain ownership interests held by members of our senior management may tend to create conflicts of interest between such individuals and the interests of the Company and our Operating Partnership.

- Tax Consequences of the Sale or Refinancing of Certain Properties – Since certain of our Properties had unrealized gain attributable to the difference between the fair market value and adjusted tax basis in such Properties immediately prior to their contribution to the Operating Partnership, a taxable sale of any such Properties, or a significant reduction in the debt encumbering such Properties, could cause adverse tax consequences to the members of our senior management who owned interests in our predecessor entities. As a result, members of our senior management might not favor a sale of a property or a significant reduction in debt even though such a sale or reduction could be beneficial to us and the Operating Partnership. Our bylaws provide that any decision relating to the potential sale of any property that would result in a disproportionately higher taxable income for members of our senior management than for us and our stockholders, or that would result in a significant reduction in such property's debt, must be made by a majority of the independent directors of the board of directors. The Operating Partnership is required, in the case of such a sale, to distribute to its partners, at a minimum, all of the net cash proceeds from such sale up to an amount reasonably believed necessary to enable members of our senior management to pay any income tax liability arising from such sale.

- Interests in Other Entities; Policies of the Board of Directors – Certain entities owned in whole or in part by members of our senior management, including the construction company that built or renovated most of our properties, may continue to perform services for, or transact business with, us and the Operating Partnership. Furthermore, certain property tenants are affiliated with

members of our senior management. Accordingly, although our bylaws provide that any contract or transaction between us or the Operating Partnership and one or more of our directors or officers, or between us or the Operating Partnership and any other entity in which one or more of our directors or officers are directors or officers or have a financial interest, must be approved by our disinterested directors or stockholders after the material facts of the relationship or interest of the contract or transaction are disclosed or are known to them, these affiliations could nevertheless create conflicts between the interests of these members of senior management and the interests of the Company, our shareholders and the Operating Partnership in relation to any transactions between us and any of these entities.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

Refer to Management’s Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 for additional information pertaining to the Properties’ performance.

Malls

We own a controlling interest in 75 Malls (including large open-air centers) and non-controlling interests in nine Malls. We also own a controlling interest in three Mall expansions and a noncontrolling interest in one Mall expansion that are currently under construction. The Malls are primarily located in middle markets and generally have strong competitive positions because they are the only, or dominant, regional mall in their respective trade areas.

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

We classify our regional malls into two categories – malls that have completed their initial lease-up are referred to as stabilized malls and malls that are in their initial lease-up phase and have not been open for three calendar years are referred to as non-stabilized malls. The non-stabilized malls currently include Coastal Grand-Myrtle Beach in Myrtle Beach, SC, which opened in March 2004; Imperial Valley Mall in El Centro, CA, which opened in March 2005; Southaven Towne Center in Southaven, MS, which opened in October 2005; Gulf Coast Town Center in Ft. Myers, FL, which opened in November 2005; and Alamance Crossing in Burlington, NC, which opened in August 2007.

We own the land underlying each Mall in fee simple interest, except for Walnut Square, Westgate Mall, St. Clair Square, Bonita Lakes Mall, Meridian Mall, Stroud Mall, Wausau Center, Chapel Hill Mall, Eastgate Mall, Eastland Mall and Monroeville Mall. We lease all or a portion of the land at each of these Malls subject to long-term ground leases.

The following table sets forth certain information for each of the Malls as of December 31, 2007:

Mall / Location	Year of Opening/ Acquisition	Year of Most Recent Expansion	Our Ownership	Total GLA(1)	Total Mall Store GLA(2)	Mall Store Sales per Square Foot(3)	Percentage Mall Store GLA Leased(4)	Anchors & Jr. Anchors
Non-Stabilized Malls:								
Alamance Crossing Burlington, NC	2007	N/A	100%	530,938	141,309	$ 94	80%	Belk, Barnes & Noble, Dillard's, JCPenney
Coastal Grand Myrtle Beach, SC	2004	2007	50%	1,047,732	381,280	366	97%	Bed Bath & Beyond, Belk, Books A Million, Dick's Sporting Goods, Dillard's, Old Navy, Sears
Gulf Coast Town Center Ft. Myers, FL	2005	N/A	50%	1,163,799	301,549	182	78%	Babies R Us, Bass Pro Outdoor World, Belk, Best Buy, Borders, Golf Galaxy, JCPenney, Jo-Ann Fabrics, Linens N Things, Marshall's, Petco, Ron Jon Surf Shop, Ross, Staples, Target
Imperial Valley Mall El Centro, CA	2005	N/A	60%	764,015	271,158	353	95%	Dillard's, JCPenney, Macy's, Sears
Southaven Towne Center Southaven, MS	2005	N/A	100%	486,941	230,316	299	100%	Circuit City, Cost Plus, Dillard's, Gordman's, JCPenney, Linens N Things
	Total Non-Stabilized Malls			3,993,425	1,325,612	$ 329	90%	
Stabilized Malls:								
Arbor Place Atlanta (Douglasville), GA	1999	N/A	100%	1,176,450	378,364	$ 370	99%	Bed Bath & Beyond, Belk, Borders, Dillard's, JCPenney, Macy's, Old Navy, Sears
Asheville Mall Asheville, NC	1972/2000	2000	100%	978,008	317,553	360	95%	Belk, Dillard's, Dillard's West, JCPenney, Old Navy, Sears
Bonita Lakes Mall(5) Meridian, MS	1997	N/A	100%	634,043	185,902	264	97%	Belk, Dillard's, JCPenney, Sears, Steve & Barry's
Brookfield Square Brookfield, WI	1967/2001	2007	100%	1,090,970	345,022	428	99%	Barnes & Noble, Boston Store, JCPenney, Old Navy, Sears
Burnsville Center	1977/1998	N/A	100%	1,088,580	425,678	372	97%	Dick's, JCPenney, Macy's, Old Navy,

Burnsville, MN								Sears, Steve & Barry's
Cary Towne Center	1979/2001	1993	100%	1,006,578	298,419	292	95%	Belk, Dillard's, JCPenney, Macy's, Sears
Cary, NC								
Chapel Hill Mall(7)(10)	1966/2004	1995	56.5%	863,418	278,084	302	96%	JCPenney, Macy's, Old Navy, Sears, Steve & Barry's
Akron, OH								
CherryVale Mall	1973/2001	2007	100%	849,330	334,745	373	95%	Barnes & Noble, Bergner's, JCPenney, Macy's, Sears
Rockford, IL								

24

Mall / Location	Year of Opening/ Acquisition	Year of Most Recent Expansion	Our Ownership	Total GLA(1)	Total Mall Store GLA(2)	Mall Store Sales per Square Foot(3)	Percentage Mall Store GLA Leased(4)	Anchors & Jr. Anchors
Chesterfield Mall Chesterfield, MO	1976/2007	2006	100%	1,320,440	552,204	327	84%	Borders, Dillard's, H & M, Macy's, Old Navy, Sears
Citadel Mall Charleston, SC	1981/2001	2000	100%	1,109,765	321,617	236	93%	Belk, Dillard's, JCPenney, Old Navy, Sears, Target
College Square Morristown, TN	1988	1999	100%	477,325	153,501	261	99%	Belk, Goody's, JCPenney, Kohl's, Sears
Columbia Place Columbia, SC	1977/2001	N/A	100%	1,098,457	329,250	232	96%	Burlington Coat Factory, Dillard's, Macy's, Old Navy, Sears, Steve & Barry's
CoolSprings Galleria Nashville, TN	1991	1994	100%	1,117,689	363,053	458	99%	Belk, Dillard's, JCPenney, Macy's, Sears
Cross Creek Mall Fayetteville, NC	1975/2003	2000	100%	1,044,449	251,917	488	96%	Belk, JCPenney, Macy's, Sears
East Towne Mall Madison, WI	1971/2001	2004	100%	822,398	332,401	338	95%	Barnes & Noble, Boston Store, Dick's Sporting Goods, Gordman's, JCPenney, Sears, Steve & Barry's
Eastgate Mall(8) Cincinnati, OH	1980/2003	1995	100%	921,397	274,539	308	93%	Dillard's, JCPenney, Kohl's, Sears, Steve & Barry's
Eastland Mall Bloomington, IL	1967/2005	N/A	100%	765,623	225,968	328	92%	Bergner's, JCPenney, Kohl's, Macy's, Old Navy, Sears
Fashion Square Saginaw, MI	1972/2001	1993	100%	797,146	317,949	291	95%	JCPenney, Macy's, Sears, Steve & Barry's
Fayette Mall Lexington, KY	1971/2001	1993	100%	1,213,831	365,757	505	98%	Dick's, Dillard's, JCPenney, Macy's, Sears
Foothills Mall Maryville, TN	1983/1996	2004	95%	483,116	156,420	262	93%	Belk for Women, Belk for Men Kids & Home, Goody's, JCPenney, Sears, TJ Maxx
Friendly Shopping Center Greensboro, NC	1957/2007	1996	50%	1,005,746	382,169	418	82%	Barnes & Noble, Belk, Macy's, Old Navy, Sears
Frontier Mall Cheyenne, WY	1981	1997	100%	538,561	215,275	271	97%	Dillard's I, Dillard's II, Gart Sports, JCPenney, Sears
Georgia Square	1981	N/A	100%	671,881	250,327	264	97%	Belk, JCPenney, Macy's, Sears

Athens, GA								
Governor's Square Clarksville, TN	1986	1999	47.5%	740,306	308,680	325	90%	Belk, Borders, Dillard's, Goody's, JCPenney, Linens N Things, Old Navy, Sears
Greenbrier Mall Chesapeake, VA	1981/2004	2004	100%	889,006	305,032	362	92%	Dillard's, JCPenney, Macy's, Sears
Hamilton Place Chattanooga, TN	1987	1998	90%	1,161,543	346,470	398	99%	Dillard's for Men Kids & Home, Dillard's for Women, JCPenney, Belk for Men Kids & Home, Belk for Women, Sears

25

Mall / Location	Year of Opening/ Acquisition	Year of Most Recent Expansion	Our Ownership	Total GLA(1)	Total Mall Store GLA(2)	Mall Store Sales per Square Foot(3)	Percentage Mall Store GLA Leased(4)	Anchors & Jr. Anchors
Hanes Mall Winston-Salem, NC	1975/2001	1990	100%	1,555,254	560,066	342	98%	Belk, Dillard's, JCPenney, Macy's, Old Navy, Sears
Harford Mall Bel Air, MD	1973/2003	2007	100%	514,000	212,064	397	88%	Macy's, Old Navy, Sears
Hickory Hollow Mall Nashville, TN	1978/1998	1991	100%	1,106,991	428,054	226	84%	Dillard's, Linens N Things, Macy's, Sears, Steve & Barry's
Hickory Point Mall Decatur, IL	1977/2005	N/A	100%	825,330	198,356	225	89%	Bergner's, JCPenney, Kohl's, Old Navy, Sears, Steve & Barry's, Von Maur
Honey Creek Mall Terre Haute, IN	1968/2004	1981	100%	679,223	187,708	344	97%	Elder-Beerman, JCPenney, Macy's, Sears, Steve & Barry's
Janesville Mall Janesville, WI	1973/1998	1998	100%	616,744	168,914	329	95%	Boston Store, JCPenney, Kohl's, Sears
Jefferson Mall Louisville, KY	1978/2001	1999	100%	919,771	250,441	339	98%	Dillard's, JCPenney, Macy's, Old Navy, Sears
Kentucky Oaks Mall Paducah, KY	1982/2001	1995	50%	1,135,469	275,815	283	94%	Best Buy, Dillard's, Elder-Beerman, JCPenney, K's Merchandise Mart, Sears
The Lakes Mall Muskegon, MI	2001	N/A	90%	593,244	262,002	265	96%	Bed Bath & Beyond, Dick's Sporting Goods, JCPenney, Sears, Younkers
Lakeshore Mall Sebring, FL	1992	1999	100%	490,561	137,733	261	97%	Beall's(9), Belk, JCPenney, Kmart, Sears
Laurel Park Place Livonia, MI	1989/2005	1994	70%	501,774	202,964	384	96%	Parisian, Von Maur
Layton Hills Mall Layton, UT	1980/2005	1998	100%	622,404	192,122	418	100%	JCPenney, Macy's, Mervyn's, Sports Authority
Madison Square Huntsville, AL	1984	1985	100%	930,957	298,122	293	86%	Belk, Dillard's, JCPenney, Parisian, Sears, Steve & Barry's
Mall del Norte Laredo, TX	1977/2004	1993	100%	1,212,515	383,983	477	95%	Beall Bros.(9), Circuit City, Dillard's, JCPenney, Joe Brand, Macy's, Macy's Home Store, Mervyn's, Sears
Mall of Acadiana Lafayette, LA	1979/2005	2004	56.5%	999,032	306,769	438	99%	Dillard's, JCPenney, Macy's, Sears

Meridian Mall(11) Lansing, MI	1969/1998	2001	100%	978,619	419,111	276	92%	Bed Bath & Beyond, Dick’s Sporting Goods, JCPenney, Macy’s, Mervyn’s(6), Old Navy, Schuler Books, Steve & Barry’s, Younkers
Mid Rivers Mall St. Peters, MO(10)	1987/2007	1999	56.5%	1,228,794	327,995	344	89%	Borders, Dillard’s, JCPenney, Macy’s, Sears

Mall / Location	Year of Opening/ Acquisition	Year of Most Recent Expansion	Our Ownership	Total GLA(1)	Total Mall Store GLA(2)	Mall Store Sales per Square Foot(3)	Percentage Mall Store GLA Leased(4)	Anchors & Jr. Anchors
Midland Mall Midland, MI	1991/2001	N/A	100%	514,245	196,971	298	98%	Barnes & Noble, Elder-Beerman, JCPenney, Sears, Steve & Barry's, Target
Monroeville Mall Pittsburgh, PA	1969/2004	2003	100%	1,149,533	425,987	318	96%	Boscov's, JCPenney, Macy's
Northpark Mall Joplin, MO	1972/2004	1996	100%	1,000,789	399,194	297	85%	JCPenney, Macy's, Macy's Home Store, Old Navy, Sears, Shopko(12), Steve & Barry's, TJ Maxx
Northwoods Mall Charleston, SC	1972/2001	1995	100%	780,667	298,190	320	98%	Belk, Books A Million, Dillard's, JCPenney, Sears
Oak Hollow Mall High Point, NC	1995	N/A	75%	1,260,031	249,678	182	77%	Belk, Dillard's, JCPenney, Sears, Steve & Barry's
Oak Park Mall Overland Park, KS	1974/2005	1998	100%	542,151	492,338	451	99%	Dillard's North, Dillard's South, JCPenney, Macy's, Nordstrom
Old Hickory Mall Jackson, TN	1967/2001	1994	100%	547,197	167,102	325	92%	Belk, JCPenney, Macy's, Sears
Panama City Mall Panama City, FL	1976/2002	1984	100%	603,185	220,878	283	90%	Dillard's, JCPenney, Linens N Things, Sears
Park Plaza Little Rock, AR	1988/2004	N/A	56.5%	567,016	241,651	470	95%	Dillard's I, Dillard's II, XXI
Parkdale Mall Beaumont, TX	1972/2001	1986	100%	1,279,828	393,003	313	93%	Beall Bros.(9), Books A Million, Dillard's, JCPenney, Linens N Things, Macy's, Old Navy, Sears, Steve & Barry's
Parkway Place Mall Huntsville, AL	1957/1998	2002	45%	631,489	276,678	324	93%	Dillard's, Parisian
Pemberton Square Vicksburg, MS	1985	1999	100%	351,488	133,685	153	51%	Belk, Dillard's, Hudson's/LA(13), JCPenney
Plaza del Sol Del Rio, TX	1979	1996	50.6%	261,184	98,747	173	92%	Beall Bros.(9), Federal Public Defenders, JCPenney, Ross, Steve & Barry's
Post Oak Mall College Station, TX	1982	1985	100%	650,714	245,955	332	92%	Beall Bros.(9), Dillard's, Dillard's South, JCPenney, Macy's, Sears, Steve &

								Barry's
Randolph Mall Asheboro, NC	1982/2001	1989	100%	378,996	143,803	220	94%	Belk, Books A Million, Dillard's, JCPenney, Sears
Regency Mall Racine, WI	1981/2001	1999	100%	872,409	292,478	283	90%	Boston Store, JCPenney, Linens N Things, Sears, Steve & Barry's, Target
Richland Mall Waco, TX	1980/2002	1996	100%	708,068	228,590	305	88%	Beall Bros.(9), Dillard's I, Dillard's II, JCPenney, Sears

Mall / Location	Year of Opening/ Acquisition	Year of Most Recent Expansion	Our Ownership	Total GLA(1)	Total Mall Store GLA(2)	Mall Store Sales per Square Foot(3)	Percentage Mall Store GLA Leased(4)	Anchors & Jr. Anchors
River Ridge Mall Lynchburg, VA	1980/2003	2000	100%	785,164	203,594	315	99%	Belk, JCPenney, Macy’s, Sears, Value City
Rivergate Mall Nashville, TN	1971/1998	1998	100%	1,130,826	348,995	320	97%	Dillard’s, JCPenney, Linens N Things, Macy’s, Sears
South County Center St. Louis, MO(10)	1963/2007	2001	56.5%	1,038,356	326,852	378	94%	Dillard’s, JCPenney, Macy’s, Sears
Southpark Mall Colonial Heights, VA	1989/2003	2007	100%	673,729	201,447	311	99%	Dillard’s, JCPenney, Macy’s, Sears
St. Clair Square(14)(10) Fairview Heights, IL	1974/1996	1993	56.5%	1,108,570	290,484	404	99%	Dillard’s, JCPenney, Macy’s, Sears
Stroud Mall(15) Stroudsburg, PA	1977/1998	2005	100%	421,523	161,660	314	96%	JCPenney, Sears, The Bon-Ton
Sunrise Mall Brownsville, TX	1979/2003	2000	100%	756,402	332,945	413	95%	Beall Bros.(9), Dillard’s, JCPenney, Linens N Things, Sears
Towne Mall Franklin, OH	1977/2001	N/A	100%	454,964	153,907	217	62%	Dillard’s, Elder-Beerman, Sears
Triangle Town Center Raleigh, NC	2002/2005	N/A	50%	1,273,202	332,819	350	95%	Barnes & Noble, Belk, Dillard’s, Macy’s, Sak’s Fifth Avenue, Sears
Turtle Creek Mall Hattiesburg, MS	1994	1995	100%	847,298	224,204	357	97%	Belk I, Belk II, Dillard’s, Goody’s, JCPenney, Sears
Valley View Mall Roanoke, VA	1985/2003	2007	100%	1,025,113	317,594	364	91%	Barnes & Noble, Belk, JCPenney, Macy’s, Old Navy, Sears
Volusia Mall Daytona Beach, FL	1974/2004	1982	100%	1,057,888	239,345	406	98%	Dillard’s East, Dillard’s West, Dillard’s South, JCPenney, Macy’s, Sears
Walnut Square(16) Dalton, GA	1980	1992	100%	449,111	169,815	252	100%	Belk, Belk Home & Kids, Goody’s, JCPenney, Sears
Wausau Center(17) Wausau, WI	1983/2001	1999	100%	427,357	154,157	272	86%	JCPenney, Sears, Younkers
West County Center Des Peres, MO(10)	1969/2007	2002	56.5%	1,137,800	397,779	478	97%	JCPenney, Macy’s, Nordstrom
West Towne Mall Madison, WI	1970/2001	2004	100%	915,334	271,428	454	99%	Boston Store, Dick’s Sporting Goods, JCPenney, Sears,

WestGate Mall(18) Spartanburg, SC	1975/1995	1996	100%	952,550	340,851	285	97%	Steve & Barry's Bed Bath & Beyond, Belk, Dick's Sporting Goods, Dillard's, JCPenney, Sears

28

Mall / Location	Year of Opening/ Acquisition	Year of Most Recent Expansion	Our Ownership	Total GLA(1)	Total Mall Store GLA(2)	Mall Store Sales per Square Foot(3)	Percentage Mall Store GLA Leased(4)	Anchors & Jr. Anchors
Westmoreland Mall Greensburg, PA	1977/2002	1994	56.5%	1,012,850	390,120	320	96%	JCPenney, Macy’s, Macy’s Home Store, Old Navy, Sears, Steve & Barry’s, The Bon-Ton
York Galleria York, PA	1989/1999	N/A	100%	770,012	232,795	332	99%	Bon Ton, Boscov’s, JCPenney, Sears
	Total Stabilized Malls			67,389,872	22,598,576	$ 346	94%	
	Grand total			71,383,297	23,924,188	$ 346	93%	

(1) Includes total square footage of the anchors (whether owned or leased by the anchor) and mall stores. Does not include future expansion areas.

(2) Excludes anchors.

(3) Totals represent weighted averages.

(4) Includes tenants paying rent for executed leases as of December 31, 2007.

(5) Bonita Lakes Mall - We are the lessee under a ground leases for 82 acres, which extends through June 30, 2035, including four five-year renewal options. The annual base rent for 2007 was $32,607.

(6) Meridian Mall – Former Mervyn's was purchased by The Bon Ton Stores, Inc. Store is currently under construction and, when open, will operate as Younkers.

(7) Chapel Hill Mall - Ground rent is $10,000 per year.

(8) Eastgate Mall - Ground rent is $24,000 per year.

(9) Lakeshore Mall, Mall del Norte, Parkdale Mall, Plaza del Sol, Post Oak Mall, Richland Mall, and Sunrise Mall - Beall Bros. operating in Texas is unrelated to Beall's operating in Florida.

(10) Mid Rivers Mall, Chapel Hill Mall, Greenbrier Mall, Mall of Acadiana, Park Plaza Mall, South County Center, St. Clair Square, West County Center, Westmoreland Mall – These properties are owned by a Company-controlled entity of which the Company owns all of the common stock and is entitled to receive 100% of each Property’s cash flow after payment of operating expenses, debt service payments and preferrred distributions to its third-party partner.

(11) Meridian Mall - We are the lessee under several ground leases in effect through March 2067, with extension options. Fixed rent is $18,700 per year plus 3% to 4% of all rents.

(12) Northpark Mall – Former Shopko space is vacant. This area is owned by Shopko.

(13) Pemberton Square – Hudson’s closed on 1/1/08.

(14) St. Clair Square - We are the lessee under a ground lease for 20 acres, which extends through January 31, 2073, including 14 five-year renewal options and one four-ye

(15) Stroud Mall - We are the lessee under a ground lease, which extends through July 2089. The current rental amount is $50,000 per year, increasing by $10,000 every ten years through 2059. An additional $100,000 is paid every 10 years.

(16) Walnut Square - We are the lessee under several ground leases, which extend through March 14, 2078, including six ten-year renewal options and one eight-year renewal option. The rental amount is $149,450 per year. In addition to base rent, the landlord receives 20% of the percentage rents collected. The Company has a right of first refusal to purchase the fee.

(17) Wausau Center - Ground rent is $76,000 per year plus 10% of net taxable cash flow.

(18) WestGate Mall - We are the lessee under several ground leases for approximately 53% of the underlying land. The leases extend through October 31, 2084, including six ten-year renewal options. The rental amount is $130,000 per year. In addition to base rent, the landlord receives 20% of the percentage rents collected. The Company has a right of first refusal to purchase the fee.

Anchors

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

Anchors may own their stores and the land underneath, as well as the adjacent parking areas, or may enter into long-term leases with respect to their stores. Rental rates for anchor tenants are significantly lower than the rents charged to mall store tenants. Anchors account for 9.8% of the total revenues from our Properties. Each anchor that owns its store has entered into an operating and reciprocal easement agreement with us covering items such as operating covenants, reciprocal easements, property operations, initial construction and future expansion.

During 2007, we added the following anchors and junior anchor boxes (i.e., non-traditional anchors) to the following Malls:

Name	Property	Location
Steve & Barry’s	Chapel Hill Mall	Akron, OH
Barnes & Noble	CherryVale Mall	Rockford, IL
JCPenney	Citadel Mall	Charleston, NC
Old Navy	Coastal Grand-Myrtle Beach	Myrtle Beach, SC
Steve & Barry’s	Columbia Place	Columbia, SC
Burlington Coat Factory	Columbia Place	Columbia, SC
Steve & Barry’s	Hickory Point Mall	Forsyth, IL
Steve & Barry’s	Honey Creek Mall	Terre Haute, IN
Old Navy	Jefferson Mall	Louisville, KY
TJ Maxx	Northpark Mall	Joplin, MO
Steve & Barry’s	Northpark Mall	Joplin, MO
XXI	Park Plaza Mall	Little Rock, AR
Steve & Barry’s	Plaza del Sol	Del Rio, TX
Barnes & Noble	Valley View Mall	Roanoke, VA

As of December 31, 2007, the Malls had a total of 446 anchors and junior anchors including two vacant anchor locations. The mall anchors and junior anchors and the amount of GLA leased or owned by each as of December 31, 2007 is as follows:

		Leased	Owned	Total
Anchor	Number of Stores	GLA	GLA	GLA
JCPenney	73	3,983,743		