

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2023

or

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

COMMISSION FILE NO. 1-12494 (CBL & ASSOCIATES PROPERTIES, INC.)

CBL & ASSOCIATES PROPERTIES, INC.

(Exact Name of registrant as specified in its charter)

Delaware (CBL & ASSOCIATES PROPERTIES, INC.)

62-1545718

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

2030 Hamilton Place Blvd., Suite 500, Chattanooga, TN 37421-6000

(Address of principal executive office, including zip code)

423-855-0001

(Registrant's telephone number, including area code)

N/A

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

Securities registered under Section 12(b) of the Act:

Title of each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value, with associated Stock Purchase Rights	CBL	New York Stock Exchange

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

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 No

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

Yes No

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

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

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

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

Yes No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

As of August 2, 2023, 32,054,421 shares of common stock were outstanding, excluding 34 treasury shares.

CBL & Associates Properties, Inc.
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PART I – FINANCIAL INFORMATION

ITEM 1: Condensed Consolidated Financial Statements (Unaudited)

CBL & Associates Properties, Inc.
Condensed Consolidated Balance Sheets
 (In thousands, except share data)
 (Unaudited)

	June 30, 2023	December 31, 2022
ASSETS ⁽¹⁾		
Real estate assets:		
Land	\$ 589,557	\$ 596,715
Buildings and improvements	1,200,096	1,198,597
Accumulated depreciation	1,789,653	1,795,312
Developments in progress	(183,529)	(136,901)
Net investment in real estate assets	1,606,124	1,658,411
Cash and cash equivalents	6,431	5,576
Restricted cash	24,919	44,718
Available-for-sale securities - at fair value (amortized cost of \$255,412 and \$293,476 as of June 30, 2023 and December 31, 2022, respectively)	88,674	97,231
Receivables:		
Tenant	34,764	40,620
Other	3,318	3,876
Investments in unconsolidated affiliates	74,138	77,295
In-place leases, net	197,245	247,497
Above market leases, net	143,453	171,265
Intangible lease assets and other assets	41,474	39,332
	<u>\$ 2,475,412</u>	<u>\$ 2,678,243</u>
LIABILITIES AND EQUITY		
Mortgage and other indebtedness, net	\$ 1,942,049	\$ 2,000,186
Below market leases, net	94,180	110,616
Accounts payable and accrued liabilities	114,082	200,312
Total liabilities ⁽¹⁾	<u>2,150,311</u>	<u>2,311,114</u>
Shareholders' equity:		
Common stock, \$.001 par value, 200,000,000 shares authorized, 32,054,421 and 31,780,075 issued and outstanding as of June 30, 2023 and December 31, 2022, respectively (in each case, excluding 34 treasury shares)	32	32
Additional paid-in capital	715,163	710,497
Accumulated other comprehensive income (loss)	339	(1,054)
Accumulated deficit	(381,509)	(338,934)
Total shareholders' equity	334,025	370,541
Noncontrolling interests	(8,924)	(3,412)
Total equity	325,101	367,129
	<u>\$ 2,475,412</u>	<u>\$ 2,678,243</u>

(1)As of June 30, 2023, includes \$181,754 of assets related to consolidated variable interest entities that can be used only to settle obligations of the consolidated variable interest entities and \$207,871 of liabilities of consolidated variable interest entities for which creditors do not have recourse to the general credit of the Company. See [Note 7](#).

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

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

	Three Months Ended June 30, 2023	2022	Six Months Ended June 30, 2023	2022
REVENUES:				
Rental revenues	\$ 124,842	\$ 131,832	\$ 255,166	\$ 267,164
Management, development and leasing fees	1,822	1,786	4,256	3,555
Other	3,203	3,400	6,804	6,401
Total revenues	129,867	137,018	266,226	277,120
EXPENSES:				
Property operating	(21,507)	(21,312)	(46,121)	(44,656)
Depreciation and amortization	(49,742)	(64,476)	(103,011)	(133,419)
Real estate taxes	(14,481)	(14,254)	(29,269)	(28,689)
Maintenance and repairs	(9,991)	(10,230)	(21,515)	(20,796)
General and administrative	(16,156)	(18,450)	(35,385)	(36,524)
Loss on impairment	—	(252)	—	(252)
Litigation settlement	74	65	118	146
Other	—	(834)	(198)	(834)
Total expenses	(111,803)	(129,743)	(235,381)	(265,024)
OTHER INCOME (EXPENSES):				
Interest and other income	2,967	910	5,632	1,064
Interest expense	(44,173)	(55,117)	(87,697)	(145,776)
Gain on deconsolidation	—	—	28,151	36,250
(Loss) gain on sales of real estate assets	(114)	3	1,482	19
Reorganization items, net	—	613	—	(958)
Income tax (provision) benefit	(219)	472	(118)	(329)
Equity in earnings (losses) of unconsolidated affiliates	812	2,039	(444)	10,606
Total other expenses	(40,727)	(51,080)	(52,994)	(99,124)
Net loss	(22,663)	(43,805)	(22,149)	(87,028)
Net loss attributable to noncontrolling interests in:				
Operating Partnership	—	44	—	59
Other consolidated subsidiaries	1,875	2,373	3,620	4,859
Net loss attributable to the Company	(20,788)	(41,388)	(18,529)	(82,110)
Dividends allocable to unvested restricted stock	(281)	(210)	(561)	(210)
Net loss attributable to common shareholders	\$ (21,069)	\$ (41,598)	\$ (19,090)	\$ (82,320)
Basic and diluted per share data attributable to common shareholders:				
Basic earnings per share	\$ (0.67)	\$ (1.34)	\$ (0.61)	\$ (2.83)
Diluted earnings per share	(0.67)	(1.34)	(0.61)	(2.83)
Weighted-average basic shares	31,313	30,973	31,309	29,091
Weighted-average diluted shares	31,313	30,973	31,309	29,091

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

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

	Three Months Ended June 30, 2023	June 30, 2022	Six Months Ended June 30, 2023	June 30, 2022
Net loss	\$ (22,663)	\$ (43,805)	\$ (22,149)	\$ (87,028)
Other comprehensive income (loss):				
Unrealized gain on interest rate swap	880	—	880	—
Unrealized (loss) gain on available-for-sale securities	(17)	(33)	513	9
Total other comprehensive income (loss)	863	(33)	1,393	9
Comprehensive loss	(21,800)	(43,838)	(20,756)	(87,019)
Comprehensive loss attributable to noncontrolling interests in:				
Operating Partnership	—	44	—	59
Other consolidated subsidiaries	1,875	2,373	3,620	4,859
Comprehensive loss attributable to the Company	(19,925)	(41,421)	(17,136)	(82,101)
Dividends allocable to unvested restricted stock	(281)	(210)	(561)	(210)
Comprehensive loss attributable to common shareholders	\$ (20,206)	\$ (41,631)	\$ (17,697)	\$ (82,311)

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

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

	Equity						
	Shareholders' Equity						
	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance, December 31, 2021	\$ 21	\$ 547,726	\$ (3)	\$ (151,545)	\$ 396,199	\$ 4,901	\$ 401,100
Net loss	—	—	—	(40,722)	(40,722)	(2,501)	(43,223)
Other comprehensive income	—	—	42	—	42	—	42
Share-based compensation expense	—	2,743	—	—	2,743	—	2,743
Conversion of exchangeable notes into 10,982,795 shares of common stock	11	152,527	—	—	152,538	—	152,538
Contributions from noncontrolling interests	—	—	—	—	—	143	143
Balance, March 31, 2022	32	702,996	39	(192,267)	510,800	2,543	513,343
Net loss	—	—	—	(41,388)	(41,388)	(2,417)	(43,805)
Other comprehensive loss	—	—	(33)	—	(33)	—	(33)
Dividends declared - common stock	—	—	—	(7,954)	(7,954)	—	(7,954)
Share-based compensation expense	—	2,818	—	—	2,818	—	2,818
Adjustment for noncontrolling interests	—	70	—	—	70	(70)	—
Distributions to noncontrolling interests	—	—	—	—	—	(2,744)	(2,744)
Balance, June 30, 2022	\$ 32	\$ 705,884	\$ 6	\$ (241,609)	\$ 464,313	\$ (2,688)	\$ 461,625
					Equity		
			Shareholders' Equity				
			Accumulated Other Comprehensive Income (Loss)				
	Common Stock	Additional Paid-in Capital	Comprehensive Income (Loss)	Accumulated Deficit	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance, December 31, 2022	\$ 32	\$ 710,497	\$ (1,054)	\$ (338,934)	\$ 370,541	\$ (3,412)	\$ 367,129
Net income (loss)	—	—	—	2,259	2,259	(1,745)	514
Other comprehensive income	—	—	530	—	530	—	530
Dividends declared - common stock	—	—	—	(12,024)	(12,024)	—	(12,024)
Issuance of 152,905 shares of restricted common stock	—	—	—	—	—	—	—
Issuance of 133,221 shares of common stock associated with performance stock units, net of shares withheld for tax	—	(1,793)	—	—	(1,793)	—	(1,793)
Distributions to noncontrolling interests	—	—	—	—	—	(3)	(3)
Amortization of deferred compensation	—	1,843	—	—	1,843	—	1,843
Compensation expense related to performance stock units	—	1,409	—	—	1,409	—	1,409
Balance, March 31, 2023	32	711,956	(524)	(348,699)	362,765	(5,160)	357,605
Net loss	—	—	—	(20,788)	(20,788)	(1,875)	(22,663)
Other comprehensive income	—	—	863	—	863	—	863
Dividends declared - common stock	—	—	—	(12,022)	(12,022)	—	(12,022)
Distributions to noncontrolling interests	—	—	—	—	—	(1,889)	(1,889)
Amortization of deferred compensation	—	1,797	—	—	1,797	—	1,797
Compensation expense related to performance stock units	—	1,410	—	—	1,410	—	1,410
Balance, June 30, 2023	<u>\$ 32</u>	<u>\$ 715,163</u>	<u>\$ 339</u>	<u>\$ (381,509)</u>	<u>\$ 334,025</u>	<u>\$ (8,924)</u>	<u>\$ 325,101</u>

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

CBL & Associates Properties, Inc.
Condensed Consolidated Statements of Cash Flows

(In thousands)
 (Unaudited)

	Six Months Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (22,149)	\$ (87,028)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	103,011	133,419
Net amortization of deferred financing costs, discounts on available-for-sale securities and debt discounts	15,330	98,923
Net amortization of intangible lease assets and liabilities	10,715	11,078
Gain on sales of real estate assets	(1,482)	(19)
Gain on insurance proceeds	(49)	(803)
Gain on deconsolidation	(28,151)	(36,250)
Write-off of development projects	17	834
Share-based compensation expense	6,459	5,561
Loss on impairment	—	252
Equity in losses (earnings) of unconsolidated affiliates	444	(10,606)
Distributions of earnings from unconsolidated affiliates	6,550	12,583
Change in estimate of uncollectable revenues	1,451	(2,699)
Change in deferred tax accounts	(839)	(1,334)
Changes in:		
Tenant and other receivables	5,091	937
Other assets	158	(513)
Accounts payable and accrued liabilities	(12,320)	(36,246)
Net cash provided by operating activities	84,236	88,089
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to real estate assets	(17,464)	(14,660)
Proceeds from sales of real estate assets	5,279	1,569
Purchases of available-for-sale securities	(99,933)	(299,993)
Redemptions of available-for-sale securities	142,793	299,934
Proceeds from insurance	—	743
Payments received on notes receivable	35	33
Additional investments in and advances to unconsolidated affiliates	(8,242)	(1,061)
Distributions in excess of equity in earnings of unconsolidated affiliates	4,430	17,059
Changes in other assets	(1,226)	(934)
Net cash provided by investing activities	25,672	2,690
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from mortgage and other indebtedness	—	425,000
Principal payments on mortgage and other indebtedness	(39,903)	(475,322)
Additions to deferred financing costs	(593)	(15,196)
Contributions from noncontrolling interests	—	143
Shares of common stock withheld for tax associated with performance stock units	(1,793)	—
Distributions to noncontrolling interests	(1,892)	(2,744)
Dividends paid to common shareholders	(94,083)	—
Net cash used in financing activities	(138,264)	(68,119)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(28,356)	22,660
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of period	141,949	236,198
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period	\$ 113,593	\$ 258,858
Reconciliation from condensed consolidated statements of cash flows to condensed consolidated balance sheets:		
Cash and cash equivalents	\$ 24,919	\$ 177,065
Restricted cash:		
Restricted cash	47,650	47,155
Mortgage escrows	41,024	34,638
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period	<u>\$ 113,593</u>	<u>\$ 258,858</u>
SUPPLEMENTAL INFORMATION		
Cash paid for interest, net of amounts capitalized	\$ 66,561	\$ 64,626
Cash paid for reorganization items	\$ —	\$ 5,648

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

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

Note 1 – Organization and Basis of Presentation

CBL & Associates Properties, Inc. ("CBL"), a Delaware corporation, is a self-managed, self-administered, fully-integrated real estate investment trust ("REIT") that is engaged in the ownership, development, acquisition, leasing, management and operation of regional shopping malls, outlet centers, lifestyle centers, open-air centers, office buildings and other properties, including single-tenant and multi-tenant parcels. Its properties are located in 22 states, but are primarily in the southeastern and midwestern United States.

CBL conducts substantially all its business through CBL & Associates Limited Partnership (the "Operating Partnership"), which is a variable interest entity ("VIE"). The Operating Partnership consolidates the financial statements of all entities in which it has a controlling financial interest or where it is the primary beneficiary of a VIE.

As of June 30, 2023, the Operating Partnership owned interests in the following properties:

	Malls ⁽¹⁾	Outlet Centers ⁽¹⁾	Lifestyle Centers ⁽¹⁾	Open-Air Centers ⁽²⁾	Other ⁽²⁾⁽³⁾	Total
Consolidated Properties	41	2	3	21	4	71
Unconsolidated Properties ⁽⁴⁾	6	3	2	8	1	20
Total	47	5	5	29	5	91

(1)The Company has aggregated Malls, Outlet Centers and Lifestyle Centers into one reportable segment (the "Malls") because they have similar economic characteristics and they provide similar products and services to similar types of, and in many cases, the same tenants.

(2)Included in "All Other" for purposes of segment reporting.

(3)CBL's two consolidated corporate office buildings are included in the Other category.

(4)The Operating Partnership accounts for these investments using the equity method.

CBL is the 100% owner of two qualified REIT subsidiaries, CBL Holdings I, Inc. and CBL Holdings II, Inc. As of June 30, 2023, CBL Holdings I, Inc., the sole general partner of the Operating Partnership, owned a 1.00% general partner interest in the Operating Partnership and CBL Holdings II, Inc. owned a 98.97% limited partner interest for a combined interest held by CBL of 99.97%. As of June 30, 2023, third parties owned a 0.03% limited partner interest in the Operating Partnership.

As used herein, the term "Company" includes CBL & Associates Properties, Inc. and its subsidiaries, including CBL & Associates Limited Partnership and its subsidiaries, unless the context indicates otherwise. The term "Operating Partnership" refers to CBL & Associates Limited Partnership and its subsidiaries.

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

The accompanying condensed consolidated financial statements are unaudited; however, they have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all the disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair presentation of the financial statements for these interim periods have been included. All intercompany transactions have been eliminated. The results for the interim period ended June 30, 2023 are not necessarily indicative of the results to be obtained for the full fiscal year.

Reclassifications

The Company reclassified restricted cash of \$97,231 from intangible lease assets and other assets into an individual line item on the condensed consolidated balance sheets at December 31, 2022 to conform with the current period presentation.

Note 2 – Summary of Significant Accounting Policies

Accounting Guidance Adopted

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, "Reference Rate Reform," which provides temporary optional expeditents and exceptions to the US GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from LIBOR and other interbank offered rates to alternative reference rates. Additional optional expeditents, exceptions and clarifications were created in ASU 2021-01. The guidance is effective upon issuance and generally can be applied to any contract modifications or existing and new hedging relationships through December 31, 2024. The Company elected the expeditents in conjunction with transitioning certain debt instruments to alternative benchmark indexes. During the six months ended June 30, 2023, there was no impact on our condensed consolidated financial statements at adoption through the use of the expedient.

Accounts Receivable

Receivables include amounts billed and currently due from tenants pursuant to lease agreements and receivables attributable to straight-line rents associated with those lease agreements. Individual leases where the collection of rents is in dispute are assessed for collectability based on management's best estimate of collection considering the anticipated outcome of the dispute. Individual leases that are not in dispute are assessed for collectability and upon the determination that the collection of rents over the remaining lease term is not probable, accounts receivable are reduced as an adjustment to rental revenues. Revenue from leases where collection is deemed to be less than probable is recorded on a cash basis until collectability is determined to be probable. Further, management assesses whether operating lease receivables, at a portfolio level, are appropriately valued based upon an analysis of balances outstanding, historical collection levels and current economic trends. An allowance for the uncollectable portion of the portfolio is recorded as an adjustment to rental revenues.

Management's collection assessment took into consideration the type of retailer, billing disputes, lease negotiation status and executed deferral or abatement agreements, as well as recent rent collection experience and tenant bankruptcies based on the best information available to management at the time of evaluation.

Note 3 – Revenues

Revenues

The following table presents the Company's revenues disaggregated by revenue source for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Rental revenues	\$ 124,842	\$ 131,832	\$ 255,166	\$ 267,164
Revenues from contracts with customers (Accounting Standards Codification ("ASC") 606):				
Operating expense reimbursements	1,875	1,929	4,091	4,118
Management, development and leasing fees ⁽¹⁾	1,822	1,786	4,256	3,555
Marketing revenues ⁽²⁾	575	759	1,220	744
	4,272	4,474	9,567	8,417
Other revenues	753	712	1,493	1,539
Total revenues ⁽³⁾	\$ 129,867	\$ 137,018	\$ 266,226	\$ 277,120

(1)Included in All Other segment.

(2)Marketing revenues solely relate to the Malls segment for all periods presented.

(3)Sales taxes are excluded from revenues.

See [Note 9](#) for information on the Company's segments.

Revenues from Contracts with Customers

Outstanding Performance Obligations

The Company has outstanding performance obligations related to certain noncancelable contracts with customers for which it will receive fixed operating expense reimbursements for providing certain maintenance and other services as described above. As of June 30, 2023, the Company expects to recognize these amounts as revenue over the following periods:

Performance obligation	Less than 5 years	5-20 years	Over 20 years	Total
Fixed operating expense reimbursements	\$ 19,935	\$ 43,837	\$ 40,098	\$ 103,870

The Company evaluates its performance obligations each period and makes adjustments to reflect any known additions or cancellations. Performance obligations related to variable consideration, which is based on sales, are constrained.

Note 4 – Leases

The components of rental revenues for the three and six months ended June 30, 2023 and 2022 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Fixed lease payments	\$ 104,391	\$ 96,733	\$ 203,372	\$ 192,381
Variable lease payments	20,451	35,099	51,794	74,783
Total rental revenues	\$ 124,842	\$ 131,832	\$ 255,166	\$ 267,164

The undiscounted future fixed lease payments to be received under the Company's operating leases as of June 30, 2023, are as follows:

Years Ending December 31,	Operating Leases
2023 ⁽¹⁾	\$ 197,813
2024	331,796
2025	260,067
2026	200,163
2027	146,936
2028	99,404
Thereafter	235,181
Total undiscounted lease payments	\$ 1,471,360

(1)Reflects rental payments for the fiscal period July 1, 2023 to December 31, 2023.

Note 5 – Fair Value Measurements

The Company has categorized its financial assets and financial liabilities that are recorded at fair value into a hierarchy in accordance with ASC 820, *Fair Value Measurements and Disclosure*, ("ASC 820") based on whether the inputs to valuation techniques are observable or unobservable. The fair value hierarchy contains three levels of inputs that may be used to measure fair value as follows:

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

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

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

The asset or liability's fair value within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Under ASC 820, fair value measurements are determined based on the assumptions that market participants would use in pricing the asset or liability in an orderly transaction at the measurement date and under current market conditions. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs and consider assumptions such as inherent risk, transfer restrictions and risk of nonperformance.

The carrying values of cash and cash equivalents, receivables, accounts payable and accrued liabilities are reasonable estimates of their fair values because of the short-term nature of these financial instruments. The estimated fair value of mortgage and other indebtedness was \$1,848,797 and \$1,833,992 as of June 30, 2023 and December 31, 2022, respectively. The fair value of mortgage and other indebtedness was calculated using Level 2 inputs by discounting future cash flows for mortgage and other indebtedness using estimated market rates at which similar loans would be made currently.

Fair Value Measurements on a Recurring Basis

The following table sets forth information regarding the Company's interest rate swap that was designated as a cash flow hedge of interest rate risk for the six months ended June 30, 2023. See [Note 8](#) for additional information.

Asset	Fair Value at June 30, 2023	Fair Value Measurements at Reporting Date Using				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Interest rate swap	\$ 880	\$ —	\$ 880	\$ —		

During the three and six months ended June 30, 2023, the Company has continued to reinvest the cash from maturing U.S. Treasury securities into new U.S. Treasury securities. The Company designated the U.S. Treasury securities as available-for-sale ("AFS"). The table below sets forth information regarding the Company's AFS securities that were measured at fair value for the six months ended June 30, 2023. Subsequent to June 30, 2023, the Company redeemed and purchased additional U.S. Treasury securities. See [Note 14](#) for additional information.

AFS Security ⁽¹⁾	Amortized Cost	Allowance for credit losses ⁽²⁾	Total unrealized loss	Fair value as of June 30, 2023 ⁽³⁾	
U.S. Treasury securities	\$ 255,412	\$ —	\$ (540)	\$ 254,872	

(1)The U.S. Treasury securities have maturities through April 2024.

(2)U.S. Treasury securities have a long history with no credit losses. Additionally, the Company notes that U.S. Treasury securities are explicitly fully guaranteed by a sovereign entity that can print its own currency and that the sovereign entity's currency is routinely held by central banks and other major financial institutions, is used in international commerce, and commonly viewed as a reserve currency, all of which qualitatively indicate that historical credit loss information should be minimally affected by current conditions and reasonable and supportable forecasts. Therefore, the Company did not record expected credit losses for its U.S. Treasury securities for the six months ended June 30, 2023.

(3)The fair value was calculated using Level 1 inputs.

The following table sets forth information regarding the Company's AFS securities that were measured at fair value for the year ended December 31, 2022:

AFS Security	Amortized Cost	Allowance for credit losses ⁽¹⁾	Total unrealized loss	Fair value as of December 31, 2022 ⁽²⁾	
U.S. Treasury securities	\$ 293,476	\$ —	\$ (1,054)	\$ 292,422	

(1)U.S. Treasury securities have a long history with no credit losses. Additionally, the Company notes that U.S. Treasury securities are explicitly fully guaranteed by a sovereign entity that can print its own currency and that the sovereign entity's currency is routinely held by central banks and other major financial institutions, is used in international commerce, and commonly viewed as a reserve currency, all of which qualitatively indicate that historical credit loss information should be minimally affected by current conditions and reasonable and supportable forecasts. Therefore, the Company did not record expected credit losses for its U.S. Treasury securities for the year ended December 31, 2022.

(2)The fair value was calculated using Level 1 inputs.

Fair Value Measurements on a Nonrecurring Basis

The Company measures the fair value of certain long-lived assets on a nonrecurring basis, through quarterly impairment testing or when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The Company's evaluation of the recoverability of long-lived assets involves the comparison of undiscounted future cash flows expected to be generated by each property over the Company's expected remaining holding period to the respective carrying amount. The determination of whether the carrying value is recoverable also requires management to make estimates related to probability weighted scenarios impacting undiscounted cash flow models. The Company considers both quantitative and qualitative factors in its impairment analysis of long-lived assets. Significant quantitative factors include historical and forecasted information for each property such as net operating income, occupancy statistics and sales levels. Significant qualitative factors used include market conditions, age and condition of the property and tenant mix. The quantitative and qualitative factors impact the selection of the terminal capitalization rate which is used in both an undiscounted and discounted cash flow model and the discount rate used in a discounted cash flow model. Due to the significant unobservable estimates and assumptions used in the valuation of long-lived assets that experience impairment, the Company classifies such long-lived assets under Level 3 in the fair value hierarchy. Level 3 inputs primarily consist of sales and market data, independent valuations and discounted cash flow models.

Long-lived Assets Measured at Fair Value in 2023

During the six months ended June 30, 2023, the Company adjusted the negative equity in Alamance Crossing East to zero upon deconsolidation, which represents the estimated fair value of the Company's investment in that property. See [Note 7](#) for additional information.

Long-lived Assets Measured at Fair Value in 2022

During the six months ended June 30, 2022, the Company adjusted the negative equity in Greenbrier Mall to zero upon deconsolidation, which represented the estimated fair value of the Company's investment in that property.

During the three and six months ended June 30, 2022, the Company sold an outparcel at the Pavilion at Port Orange. Gross proceeds amounted to \$1,660 and the transaction resulted in a loss on sale of \$252.

Note 6 – Dispositions

Dispositions

Based on its analysis, the Company determined that the dispositions described below do not meet the criteria for classification as discontinued operations and are not considered to be significant disposals based on its quantitative and qualitative evaluation. Thus, the results of operations of the properties described below, as well as any related gains or losses, are included in net income (loss) for all periods presented, as applicable.

2023 Dispositions

During the six months ended June 30, 2023, the Company deconsolidated Alamance Crossing East, which resulted in \$28,151 of gain on deconsolidation. Alamance Crossing East was included in Malls for purposes of segment reporting. See [Note 7](#) for additional information.

During the three months ended June 30, 2023, the Company realized a loss of \$114, primarily related to the sale of one parcel. During the six months ended June 30, 2023, the Company realized a gain of \$1,482, primarily related to the sale of five land parcels. Gross proceeds from sales of real estate assets were \$5,674 for the six months ended June 30, 2023.

2022 Dispositions

During the six months ended June 30, 2022, the Company deconsolidated Greenbrier Mall. See [Note 5](#) for additional information. Other than the deconsolidation of Greenbrier Mall, the Company had no significant dispositions during the three and six months ended June 30, 2022.

Note 7 – Unconsolidated Affiliates and Noncontrolling Interests

Unconsolidated Affiliates

Although the Company had majority ownership of certain joint ventures during 2023 and 2022, it evaluated the investments and concluded that the other partners or owners in these joint ventures had substantive participating rights, such as approvals of:

- the pro forma for the development and construction of the project and any material deviations or modifications thereto;
- the site plan and any material deviations or modifications thereto;
- the conceptual design of the project and the initial plans and specifications for the project and any material deviations or modifications thereto;
- any acquisition/construction loans or any permanent financings/refinancings;
- the annual operating budgets and any material deviations or modifications thereto;
- the initial leasing plan and leasing parameters and any material deviations or modifications thereto; and
- any material acquisitions or dispositions with respect to the project.

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

At June 30, 2023, the Company had investments in 25 entities, which are accounted for using the equity method of accounting. The Company's ownership interest in these unconsolidated affiliates ranges from 33% to 100%. Of these entities, 17 are owned in 50/50 joint ventures.

2023 Activity - Unconsolidated Affiliates

Alamance Crossing CMBS, LLC

In February 2023, the Company deconsolidated Alamance Crossing East as a result of the Company losing control when the property was placed in receivership. As of June 30, 2023, the loan secured by Alamance Crossing East had an outstanding balance of \$41,122. For the six months ended June 30, 2023, the Company recognized gain on deconsolidation of \$28,151.

CBL-TRS Med OFC Holding, LLC

In June 2023, the Company and its joint venture partner in Friendly Center and The Shops at Friendly entered into a new 50/50 joint venture, CBL-TRS Med OFC Holding, LLC, for the purpose of entering into a joint venture, CBL DMC I, LLC, with a third party to develop a medical office building on a parcel of land adjacent to those centers. CBL-TRS Med OFC Holding, LLC contributed the parcel of land valued at \$2,600 to CBL DMC I, LLC in exchange for a 50% interest in CBL DMC I, LLC. The unconsolidated affiliate is a VIE.

CBL-TRS Joint Venture, LLC

In April 2023, the Company and its joint venture partner entered into a new \$148,000 loan secured by Friendly Center and The Shops at Friendly Center. Proceeds from the new loan were used to pay off two previous loans totaling \$145,591. The new loan bears a fixed interest rate of 6.44% and matures in May 2028.

Louisville Outlet Shoppes, LLC

In April 2023, the \$7,247 loan secured by The Outlet Shoppes of the Bluegrass - Phase II, an unconsolidated affiliate, was paid off.

West County Mall CMBS, LLC

In March 2023, the loan secured by West County Mall was extended through December 2024, with one two-year conditional extension available upon meeting certain requirements.

Condensed Combined Financial Statements - Unconsolidated Affiliates

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

		June 30, 2023	December 31, 2022
ASSETS:			
Investment in real estate assets		\$ 1,989,551	\$ 1,971,348
Accumulated depreciation		(859,514)	(829,574)
		1,130,037	1,141,774
Developments in progress		13,826	10,914
Net investment in real estate assets		1,143,863	1,152,688
Other assets		191,648	170,756
Total assets		<u>\$ 1,335,511</u>	<u>\$ 1,323,444</u>
LIABILITIES:			
Mortgage and other indebtedness, net		\$ 1,345,090	\$ 1,333,152
Other liabilities		42,266	33,419
Total liabilities		1,387,356	1,366,571
OWNERS' EQUITY (DEFICIT):			
The Company		12,347	3,123
Other investors		(64,192)	(46,250)
Total owners' deficit		(51,845)	(43,127)
Total liabilities and owners' deficit		<u>\$ 1,335,511</u>	<u>\$ 1,323,444</u>
		Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
		2022	2022
Total revenues		\$ 62,943	\$ 65,551
Net income ⁽¹⁾		\$ 11,092	\$ 12,384
		\$ 123,476	\$ 129,288
		\$ 30,273	\$ 33,062

(1)The Company's pro rata share of net income (loss) was \$812 and \$(444) for the three and six months ended June 30, 2023, respectively. The Company's pro rata share of net income was \$2,039 and \$10,606 for the three and six months ended June 30, 2022, respectively.

Variable Interest Entities

The Operating Partnership and certain of its subsidiaries are deemed to have the characteristics of a VIE primarily because the limited partners of these entities do not collectively possess substantive kick-out or participating rights.

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

Consolidated VIEs

As of June 30, 2023, the Company had investments in 10 consolidated VIEs with ownership interests ranging from 50% to 92%.

Unconsolidated VIEs

The table below lists the Company's unconsolidated VIEs as of June 30, 2023:

	Investment in Real Estate Joint Ventures and Partnerships	Maximum Risk of Loss
Unconsolidated VIEs:		
Alamance Crossing CMBS, LLC ⁽¹⁾	\$ —	\$ —
Ambassador Infrastructure, LLC ⁽²⁾	—	5,749
Atlanta Outlet JV, LLC ⁽²⁾	—	4,355
BI Development, LLC	105	105
BI Development II, LLC	—	—
CBL-T/C, LLC	—	—
CBL-TRS Med OFC Holding, LLC ⁽³⁾	1,300	1,300
El Paso Outlet Center Holding, LLC	—	—
Fremaux Town Center JV, LLC	—	—
Louisville Outlet Shoppes, LLC	—	—
Mall of South Carolina L.P.	—	—
Vision - CBL Hamilton Place, LLC	2,210	2,210
Vision - CBL Mayfaire TC Hotel, LLC	1,800	1,800
	\$ 5,415	\$ 15,519

(1)During the six months ended June 30, 2023, the property was placed into receivership.

(2)The Operating Partnership has guaranteed all or a portion of the debt of each of these VIEs. See [Note 11](#) for more information.

(3)The Operating Partnership has guaranteed the construction debt of CBL DMC I, LLC, the joint venture in which CBL-TRS Med OFC Holding, LLC owns a 50% interest. See [Note 11](#) for more information.

Note 8 – Mortgage and Other Indebtedness, Net

CBL has no indebtedness. Either the Operating Partnership or one of its consolidated subsidiaries that it has a direct or indirect ownership interest in are the borrowers on all the Company's debt.

CBL is a limited guarantor of the secured term loan for losses suffered solely by reason of fraud or willful misrepresentation by the Operating Partnership or its affiliates.

The Company's mortgage and other indebtedness, net, consisted of the following:

	June 30, 2023	December 31, 2022		
	Amount	Weighted-Average Interest Rate ⁽¹⁾	Amount	Weighted-Average Interest Rate ⁽¹⁾
Fixed-rate debt:				
Open-air centers and outparcels loan ⁽²⁾	\$ 180,000	6.95 %	\$ 180,000	6.95 %
Non-recourse loans on operating properties	783,501	5.29 %	843,634	4.90 %
Total fixed-rate debt	963,501	5.60 %	1,023,634	5.26 %
Variable-rate debt:				
Secured term loan ⁽³⁾	813,038	7.92 %	829,452	6.87 %
Open-air centers and outparcels loan ⁽²⁾	180,000	9.26 %	180,000	8.22 %
Non-recourse loans on operating properties	55,440	8.30 %	56,490	7.26 %
Total variable-rate debt	1,048,478	8.17 %	1,065,942	7.12 %
Total fixed-rate and variable-rate debt	2,011,979	6.94 %	2,089,576	6.21 %
Unamortized deferred financing costs	(15,407)		(17,101)	
Debt discounts ⁽⁴⁾	(54,523)		(72,289)	
Total mortgage and other indebtedness, net	\$ 1,942,049		\$ 2,000,186	

(1)Weighted-average interest rate excludes amortization of deferred financing costs.

(2)The Operating Partnership has an interest rate swap on a notional amount of \$32,000 related to the variable portion of the loan to effectively fix the interest rate at 7.3975%.

(3)The Operating Partnership provided a limited guaranty up to a maximum of \$175,000 (the "Principal Liability Cap"). The Principal Liability Cap will be reduced by an amount equal to 100% of the first \$2,500 in principal amortization made by HoldCo I each calendar year and will be reduced further by 50% of the principal amortization payments made by HoldCo I each calendar year in excess of the first \$2,500 in principal amortization for such calendar year. As of June 30, 2023, the Principal Liability Cap had been reduced to \$127,390. The Principal Liability Cap is eliminated when the loan balance is reduced below \$650,000, or if at any time after November 1, 2023, the debt yield ratio is greater than 15.0%.

(4)In conjunction with fresh start accounting, the Company estimated the fair value of its mortgage notes with the assistance of a third-party valuation advisor. This resulted in recognizing debt discounts upon emerging from bankruptcy. The debt discounts are accreted over the term of the respective debt using the effective interest method. The remaining debt discounts at June 30, 2023 will be accreted over a weighted average period of 2.6 years.

Non-recourse loans on operating properties, the open-air centers and outparcels loan and the secured term loan include loans that are secured by properties owned by the Company that have a carrying value of \$1,530,211 at June 30, 2023.

2023 Loan Activity

In February 2023, the Company exercised its first option to extend the loan secured by Fayette Mall through May 2024. The interest rate remains fixed at 4.25%.

In March 2023, the secured term loan was amended to replace LIBOR with the secured overnight financing rate ("SOFR") for purposes of calculating interest. The transition to SOFR is effective as of June 30, 2023. As of the conversion date, the interest rate is SOFR plus the applicable margin (2.75%) plus the SOFR adjustment (0.11448%).

In April 2023, the Company exercised its extension option on the loan secured by The Outlet Shoppes at Laredo for an extended maturity date of June 2024.

In May 2023, the Operating Partnership entered into an interest rate swap with a notional amount of \$32,000 to fix the interest rate at 7.3975% on \$32,000 of the variable rate portion of the open-air centers and outparcels loan. The swap has a maturity date of June 7, 2027. The Company designated the swap as a cash flow hedge on its variable rate debt.

In June 2023, the loan secured by Cross Creek Mall was modified for an extended maturity date of June 2025. The interest rate is fixed at 8.19%.

Scheduled Principal Payments

As of June 30, 2023, the scheduled principal amortization and balloon payments of the Company's consolidated debt, excluding extensions available at the Company's option, on all mortgage and other indebtedness, are as follows:

2023 ⁽¹⁾		\$ 39,522
2024		237,646
2025		908,717
2026		373,682
2027		360,896
2028		950
Thereafter		61,905
Total		1,983,318
Principal balance of a loan with a maturity date prior to June 30, 2023 ⁽²⁾		28,661
Total mortgage and other indebtedness	\$	2,011,979

(1)Reflects scheduled principal amortization and balloon payments for the fiscal period July 1, 2023 through December 31, 2023.

(2)Represents the principal balance as of June 30, 2023 of the loan secured by WestGate Mall, which is in maturity default. The Company is in discussions with the lender. The loan matured in July 2022 and had a balance of \$28,661 as of June 30, 2023.

Of the \$39,522 of scheduled principal payments for the remainder of 2023, \$17,790 relates to the maturing principal balance of one operating property loan.

Interest Rate Hedge Instruments

The Company may use derivative financial instruments, including interest rate swaps, caps, options, floors and other interest rate derivative contracts, to hedge all or a portion of the interest rate risk associated with its borrowings. The principal objective of such arrangements is to minimize the risks and/or costs associated with the Company's operating and financial structure as well as to hedge specific anticipated transactions. The Company does not intend to utilize derivatives for speculative or other purposes other than interest rate risk management. The use of derivative financial instruments carries certain risks, including the risk that the counterparties to these contractual arrangements are not able to perform under the agreements. To mitigate this risk, the Company only enters into derivative financial instruments with counterparties with high credit ratings and with major financial institutions with which the Company and its affiliates may also have other financial relationships. The Company does not anticipate that its counterparty will fail to meet their obligation.

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

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

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

Instrument Type	Location in the Condensed Consolidated Balance Sheet	Notional	Index	Fair Value at June 30, 2023	Maturity Date
Pay fixed/Receive variable swap	Intangible lease assets and other assets	\$ 32,000	1-month USD-SOFR CME	\$ 880	Jun-27

Gain Recognized in Other Comprehensive Income (Loss) Three Months Ended June 30,				Gain Recognized in Earnings Three Months Ended June 30,					
Hedging Instrument	2023		2022		Location of Gain Reclassified from Accumulated Other Comprehensive Income (Loss) into Earnings	2023		2022	
	Interest rate swap	\$ 880	Interest Expense	\$ 95		Interest Expense	\$ —	Interest Expense	\$ —
Gain Recognized in Other Comprehensive Income (Loss) Six Months Ended June 30,				Gain Recognized in Earnings Six Months Ended June 30,					
Hedging Instrument	2023		2022		Location of Gain Reclassified from Accumulated Other Comprehensive Income (Loss) into Earnings	2023		2022	
	Interest rate swap	\$ 880	Interest Expense	\$ 95		Interest Expense	\$ —	Interest Expense	\$ —

Amounts reported in accumulated other comprehensive income (loss) related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. During the next twelve months, the Company estimates that \$600 will be reclassified from other comprehensive income (loss) as a decrease to interest expense.

The Company has an agreement with each derivative counterparty that contains a provision where if the Company either defaults or is capable of being declared in default on any of its indebtedness, then the Company could also be declared in default on its derivative obligations.

As of June 30, 2023, the Company did not have any derivatives with a fair value in a net liability position including accrued interest but excluding any adjustment for nonperformance risk. As of June 30, 2023, the Company has posted \$1,920 of cash collateral related to the interest rate swap. The Company is not in breach of any agreement provisions.

Note 9 – Segment Information

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

Information on the Company's segments is presented as follows:

Three Months Ended June 30, 2023	Malls ⁽¹⁾	All Other ⁽²⁾	Total
Revenues ⁽³⁾	\$ 110,622	\$ 19,245	\$ 129,867
Property operating expenses ⁽⁴⁾	(41,668)	(4,311)	(45,979)
Interest expense	(19,968)	(24,205)	(44,173)
Loss on sales of real estate assets	—	(114)	(114)
Segment profit (loss)	<u>\$ 48,986</u>	<u>\$ (9,385)</u>	<u>39,601</u>
Depreciation and amortization			(49,742)
General and administrative expense			(16,156)
Litigation settlement			74
Interest and other income			2,967
Income tax provision			(219)
Equity in earnings of unconsolidated affiliates			812
Net loss			<u>\$ (22,663)</u>
Capital expenditures ⁽⁵⁾	\$ 4,977	\$ 3,527	\$ 8,504

Three Months Ended June 30, 2022	Malls ⁽¹⁾	All Other ⁽²⁾	Total
Revenues ⁽³⁾	\$ 117,191	\$ 19,827	\$ 137,018
Property operating expenses ⁽⁴⁾	(40,708)	(5,088)	(45,796)
Interest expense	(38,691)	(16,426)	(55,117)
Gain on sales of real estate assets	—	3	3
Other expense	—	(834)	(834)
Segment profit (loss)	<u>\$ 37,792</u>	<u>\$ (2,518)</u>	<u>35,274</u>
Depreciation and amortization			(64,476)
General and administrative expense			(18,450)
Litigation settlement			65
Interest and other income			910
Reorganization items, net			613
Loss on impairment			(252)
Income tax benefit			472
Equity in earnings of unconsolidated affiliates			2,039
Net loss			<u>\$ (43,805)</u>
Capital expenditures ⁽⁵⁾	\$ 6,367	\$ 1,351	\$ 7,718

Six Months Ended June 30, 2023	Malls ⁽¹⁾	All Other ⁽²⁾	Total
Revenues ⁽³⁾	\$ 226,505	\$ 39,721	\$ 266,226
Property operating expenses ⁽⁴⁾	(88,539)	(8,366)	(96,905)
Interest expense	(40,451)	(47,246)	(87,697)
Gain on sales of real estate assets	—	1,482	1,482
Other expense	—	(198)	(198)
Segment profit (loss)	<u>\$ 97,515</u>	<u>\$ (14,607)</u>	82,908
Depreciation and amortization			(103,011)
General and administrative expense			(35,385)
Litigation settlement			118
Interest and other income			5,632
Gain on deconsolidation			28,151
Income tax provision			(118)
Equity in losses of unconsolidated affiliates			(444)
Net loss			<u>\$ (22,149)</u>
Capital expenditures ⁽⁵⁾	\$ 9,410	\$ 6,629	\$ 16,039

Six Months Ended June 30, 2022	Malls ⁽¹⁾	All Other ⁽²⁾	Total
Revenues ⁽³⁾	\$ 238,619	\$ 38,501	\$ 277,120
Property operating expenses ⁽⁴⁾	(85,392)	(8,749)	(94,141)
Interest expense	(109,850)	(35,926)	(145,776)
Gain on sales of real estate assets	—	19	19
Other expense	—	(834)	(834)
Segment profit (loss)	<u>\$ 43,377</u>	<u>\$ (6,989)</u>	36,388
Depreciation and amortization			(133,419)
General and administrative expense			(36,524)
Litigation settlement			146
Interest and other income			1,064
Reorganization items, net			(958)
Loss on impairment			(252)
Gain on deconsolidation			36,250
Income tax provision			(329)
Equity in earnings of unconsolidated affiliates			10,606
Net loss			<u>\$ (87,028)</u>
Capital expenditures ⁽⁵⁾	\$ 10,327	\$ 3,221	\$ 13,548

Total assets	Malls ⁽¹⁾	All Other ⁽²⁾	Total
June 30, 2023	\$ 1,580,656	\$ 894,756	\$ 2,475,412
December 31, 2022	\$ 1,695,813	\$ 982,430	\$ 2,678,243

(1)The Malls category includes malls, lifestyle centers and outlet centers.

(2)The All Other category includes open-air centers, outparcels, office buildings, corporate-level debt and the Management Company.

(3)Management, development and leasing fees are included in All Other category. See [Note 3](#) for information on the Company's revenues disaggregated by revenue source for each of the above segments.

(4)Property operating expenses include property operating, real estate taxes and maintenance and repairs.

(5)Includes additions to and acquisitions of real estate assets and investments in unconsolidated affiliates. Developments in progress are included in the All Other category.

Note 10 – Earnings per Share

Earnings per share ("EPS") is calculated under the two-class method. Under the two-class method, all earnings (distributed and undistributed) are allocated to common stock and participating securities. The Company grants restricted stock awards to certain employees under its share-based compensation program, which entitle recipients to receive nonforfeitable dividends during the vesting period on a basis equivalent to the dividends paid to holders of common stock. These unvested restricted stock awards meet the definition of participating securities based on their respective rights to receive nonforfeitable dividends.

Diluted EPS incorporates the potential impact of contingently issuable shares. Diluted EPS is calculated under both the two-class and treasury stock methods, and the more dilutive amount is reported. Performance stock units ("PSUs") and unvested restricted stock awards are contingently issuable common shares and are included in diluted EPS if the effect is dilutive.

The following table presents the calculation of basic and diluted EPS (in thousands, except per share amounts):

	Three Months Ended June 30, 2023		Six Months Ended June 30, 2023	
	2023	2022	2023	2022
Basic earnings per share				
Net loss attributable to the Company	\$ (20,788)	\$ (41,388)	\$ (18,529)	\$ (82,110)
Less: Dividends allocable to unvested restricted stock	(281)	(210)	(561)	(210)
Net loss attributable to common shareholders	(21,069)	(41,598)	(19,090)	(82,320)
Weighted-average basic shares outstanding	31,313	30,973	31,309	29,091
Net loss per share attributable to common shareholders	\$ (0.67)	\$ (1.34)	\$ (0.61)	\$ (2.83)
Diluted earnings per share ⁽¹⁾				
Net loss attributable to common shareholders	\$ (21,069)	\$ (41,598)	\$ (19,090)	\$ (82,320)
Weighted-average diluted shares outstanding	31,313	30,973	31,309	29,091
Net loss per share attributable to common shareholders	\$ (0.67)	\$ (1.34)	\$ (0.61)	\$ (2.83)

(1)For the three and six months ended June 30, 2023, the computation of diluted EPS does not include contingently issuable shares related to PSUs and unvested restricted stock awards due to their anti-dilutive nature. For the three and six months ended June 30, 2023, had the contingently issuable shares been dilutive, the denominator for diluted EPS would have included 94 and 75 contingently issuable shares, respectively, related to PSUs and unvested restricted stock awards. For the three and six months ended June 30, 2022, the computation of diluted EPS does not include contingently issuable shares related to PSUs and unvested restricted stock awards due to their anti-dilutive nature. For the three and six months ended June 30, 2022, had the contingently issuable shares been dilutive, the denominator for diluted EPS would have included 187 and 177 contingently issuable shares, respectively, related to PSUs and unvested restricted stock awards.

Note 11 – Contingencies

Securities Litigation

The Company and certain of its officers and directors were named as defendants in three putative securities class action lawsuits (collectively, the "Securities Class Action Litigation"), each filed in the United States District Court for the Eastern District of Tennessee, on behalf of all persons who purchased or otherwise acquired the Company's securities during a specified period of time. Those cases were consolidated on July 17, 2019, under the caption *In re CBL & Associates Properties, Inc. Securities Litigation*, 1:19-cv-00149-JRG-CHS, and a consolidated amended complaint was filed on November 5, 2019, seeking to represent a class of purchasers from July 29, 2014 through March 26, 2019.

The operative complaint filed in the Securities Class Action Litigation alleges violations of the securities laws, including, among other things, that the defendants made certain materially false and misleading statements and omissions regarding the Company's contingent liabilities, business, operations, and prospects during the period of time specified above. The plaintiffs seek compensatory damages and attorneys' fees and costs, among other relief, but have not specified the amount of damages sought. On May 3, 2022, the court dismissed the Company from the Securities Class Action Litigation but declined to dismiss the individual defendants. The court also lifted the stay of the proceedings and, on June 9, 2022, entered a scheduling order. Plaintiffs' motion for class certification, which was opposed, was fully briefed and pending as of December 31, 2022. Following mediation on January 31, 2023, before a private mediator, the parties reached an agreement in principle to resolve the Securities Class Action Litigation, subject to documentation and court approval. On April 19, 2023, plaintiffs submitted the settlement to the court as part of an Unopposed Motion for Preliminary Approval of Class Action Settlement. On April 24, 2023, the court entered an order preliminarily approving the proposed settlement, subject to a final fairness hearing in August 2023. The settlement is expected to be fully funded by directors and officers liability insurance, subject to the terms and conditions thereof, with no contribution expected from the Company or the individual defendants. By agreeing to resolve the matter, neither the Company nor any of the individual defendants are admitting any liability or wrongdoing, and they have expressly denied both. Rather, defendants entered into the settlement to eliminate the risks, costs, and distractions associated with further litigation of this matter.

The outcome of these legal proceedings cannot be predicted with certainty.

On January 12, 2023, a purported shareholder filed a putative class action lawsuit captioned *John Haynes v. Charles B. Lebovitz, et al.*, C.A. No. 2023-0033-NAC, in the Delaware Court of Chancery (the “Delaware Action”), naming the Company and certain directors as defendants. The Delaware Action alleged a claim against the Company for violation of Delaware General Corporation Law § 213(a) due to an improper record date for the 2022 annual meeting, and a claim for breach of fiduciary duty against the director defendants. The Delaware Action sought, among other things, a declaration that the directors breached their fiduciary duties, an equitable accounting, unspecified monetary relief, and attorneys’ fees. Defendants denied that any such relief was warranted, and on February 15, 2023, the Delaware Action was voluntarily dismissed.

The Company is currently involved in certain other litigation that arises in the ordinary course of business, most of which is expected to be covered by liability insurance. Management makes assumptions and estimates concerning the likelihood and amount of any potential loss relating to these matters using the latest information available. The Company records a liability for litigation if an unfavorable outcome is probable and the amount of loss or range of loss can be reasonably estimated. If an unfavorable outcome is probable and a reasonable estimate of the loss is a range, the Company accrues the best estimate within the range. If no amount within the range is a better estimate than any other amount, the Company accrues the minimum amount within the range. If an unfavorable outcome is probable but the amount of the loss cannot be reasonably estimated, the Company discloses the nature of the litigation and indicates that an estimate of the loss or range of loss cannot be made. If an unfavorable outcome is reasonably possible and the estimated loss is material, the Company discloses the nature and estimate of the possible loss of the litigation. Based on current expectations, such matters, both individually and in the aggregate, are not expected to have a material adverse effect on the liquidity, results of operations, business or financial condition of the Company.

Environmental Contingencies

The Company evaluates potential loss contingencies related to environmental matters using the same criteria described above related to litigation matters. Based on current information, an unfavorable outcome concerning such environmental matters, both individually and in the aggregate, is considered to be reasonably possible. However, the Company believes its maximum potential exposure to loss would not be material to its results of operations or financial condition. The Company has a master insurance policy that provides coverage through 2027 for certain environmental claims up to \$40,000 per occurrence and up to \$40,000 in the aggregate, subject to deductibles and certain exclusions. At certain locations, individual policies are in place.

Guarantees

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

The following table represents the Operating Partnership’s guarantees of unconsolidated affiliates’ debt as reflected in the accompanying condensed consolidated balance sheets as of June 30, 2023 and December 31, 2022:

Unconsolidated Affiliate	Company's Ownership Interest	Outstanding Balance	As of June 30, 2023			Debt Maturity Date ⁽¹⁾	Obligation recorded to reflect guaranty		
			Percentage Guaranteed by the Operating Partnership	Maximum Guaranteed Amount	June 30, 2023		December 31, 2022		
West Melbourne I, LLC - Phase I	50%	\$ 36,159	50%	\$ 18,080	Feb-2025	⁽²⁾ \$ 181	\$ 185		
West Melbourne I, LLC - Phase II	50%	11,484	50%	5,742	Feb-2025	⁽²⁾ 57	59		
Port Orange I, LLC	50%	48,348	50%	24,174	Feb-2025	⁽²⁾ 242	247		
Ambassador Infrastructure, LLC	65%	5,749	100%	5,749	Mar-2025	57	70		
CBL-TRS Med OFC Holding, LLC ⁽³⁾	50%	—	100%	3,895	Jun-2030	19	—		
Atlanta Outlet JV, LLC	50%	4,355	100%	4,355	Nov-2023	—	—		
Total guaranty liability						\$ 556	\$ 561		

(1)Excludes any extension options.

(2)These loans have a one-year extension option at the joint venture’s election.

(3)The Operating Partnership has guaranteed the construction debt of CBL DMC I, LLC, a joint venture in which CBL-TRS Med OFC Holding, LLC owns a 50% interest.

For the three and six months ended June 30, 2023 and 2022, the Company evaluated each guaranty, listed in the table above, individually by evaluating the debt service ratio, cash flow forecasts and the performance of each loan, where applicable. The result of the analysis was that each loan is current and performing. The Company did not record a credit loss related to the guarantees listed in the table above for the three or six months ended June 30, 2023 and 2022.

Note 12 – Share-Based Compensation

Restricted Stock Awards

Compensation expense is recognized on a straight-line basis over the requisite service period. The share-based compensation expense related to restricted stock awards granted under the CBL & Associates Properties, Inc. 2021 Equity Incentive Plan ("EIP") was \$1,797 and \$3,640 for the three and six months ended June 30, 2023, respectively. The share-based compensation expense related to the restricted stock awards was \$1,696 and \$3,318 for the three and six months ended June 30, 2022, respectively. As of June 30, 2023, there was \$16,530 of total unrecognized compensation cost related to unvested restricted stock awards, which is expected to be recognized over a weighted-average period of 2.4 years. Share-based compensation cost resulting from share-based awards is recorded at the Management Company, which is a taxable entity.

A summary of the status of the Company's nonvested restricted stock awards as of June 30, 2023, and changes during the six months ended June 30, 2023, are presented below:

	Shares	Weighted-Average Grant-Date Fair Value Per Share
Nonvested at January 1, 2023	662,875	\$ 27.42
Granted	356,278	\$ 26.21
Vested	(265,341)	\$ 26.25
Forfeited	(12,780)	\$ 26.13
Nonvested at June 30, 2023	<u>741,032</u>	<u>\$ 27.28</u>

The total grant-date fair value of restricted stock awards granted during the six months ended June 30, 2023 was \$9,336. The total fair value of restricted stock awards that vested during the six months ended June 30, 2023 was \$6,755.

Performance Stock Awards

In February 2023, the compensation committee of the board of directors established a long-term incentive program ("LTIP") under the EIP and approved 2023 LTIP awards consisting of both a PSU component (55% - 60% of the LTIP award) and a restricted stock award component (40% - 45% of the LTIP award). The amount of common stock that may be issued for the PSU component upon the conclusion of the applicable three-year performance period will be determined by two measures: (i) a portion (40%) of the number of shares issued will be determined based on the Company's achievement of specified levels of long-term relative Total Stockholder Return ("TSR") performance (stock price appreciation plus aggregate dividends) versus the Retail Sector Component (excluding companies comprising the Free-Standing Subsector) of the Financial Times Stock Exchange ("FTSE") National Association of Real Estate Investment Trusts ("NAREIT") All Equity REIT Index, provided that at least a "Threshold" level must be attained for any shares to be received, and (ii) a portion (60%) of such number of shares issued will be determined based on the Company's absolute TSR performance over such period, provided again that at least a "Threshold" level must be attained for any shares to be received. The restricted stock award component consists of time-vesting restricted stock, of which a third of the award vests equally over the three-year performance period.

Compensation cost for the PSUs granted in February 2023 is recognized on a straight-line basis over the service period since it is longer than the performance period. The resulting expense is recorded regardless of whether any PSU awards are earned as long as the required service period is met. For the PSUs granted in February 2022, each quarter, management assesses the probability that the measures associated with the Company's outstanding PSU awards will be attained. The Company begins recognizing compensation expense on a straight-line basis over the remaining service period once the PSU award measures are deemed probable of achievement. See Note 16 to the consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 for a description of the PSUs granted in February 2022. Share-based compensation expense related to the 2022 and 2023 PSUs granted under the EIP was \$1,410 and \$2,819 for the three and six months ended June 30, 2023, respectively; and \$1,122 and \$2,243 for the three and six months ended June 30, 2022, respectively. The unrecognized compensation expense related to the 2022 and 2023 PSUs was \$15,626 as of June 30, 2023, which is expected to be recognized over a weighted-average period of 2.8 years.

A summary of the status of the Company's outstanding 2022 and 2023 PSU awards as of June 30, 2023, and changes during the six months ended June 30, 2023, are presented below:

	PSUs	Weighted-Average Grant-Date Fair Value Per Share
Outstanding at January 1, 2023	607,128	\$ 24.69
2023 PSUs granted	157,789	\$ 38.79
Incremental PSUs granted ⁽¹⁾	22,621	\$ 23.81
Forfeited	(51,019)	\$ 24.87
Outstanding at June 30, 2023	736,519	\$ 27.82

(1)PSUs granted shall be adjusted as if the shares of common stock represented by such PSUs had received any applicable stock or cash dividends declared. As for stock dividends, a number of PSUs shall be added to the target amount corresponding to the number of shares of common stock that would have been payable per such stock dividend on the then outstanding number of PSUs under the agreement as if common stock had been issued for such PSUs. As to cash dividends, a number of PSUs shall be added to the target amount corresponding to the number of shares of common stock that could have been acquired by the cash dividend payable on the then outstanding number of PSUs under the agreement as if common stock had been issued for such PSUs, and the calculation of the number of shares of common stock that could have been acquired shall be based on the closing price of the common stock on the record date for the cash dividend at issue.

The total grant-date fair value of PSU awards granted during the six months ended June 30, 2023 was \$6,120.

The following table summarizes the assumptions used in the Monte Carlo simulation pricing model related to the PSUs granted in 2023:

	2023 PSUs
Grant date	February 17, 2023
Fair value per share on valuation date ⁽¹⁾	\$ 38.79
Risk-free interest rate ⁽²⁾	4.37%
Expected share price volatility ⁽³⁾	62.50%

(1)The value of the PSU awards is estimated on the date of grant using a Monte Carlo simulation model. The valuation consists of computing the fair value using CBL's simulated stock price as well as TSR over a three-year performance period. The award is modeled as a contingent claim in that the expected return on the underlying shares is risk-free and the rate of discounting the payoff of the award is also risk-free. The weighted-average fair value per share related to the 2023 PSUs consists of 63,114 shares at a fair value of \$40.64 per share (which relates to the relative TSR) and 94,675 shares at a fair value of \$37.55 per share (which relates to absolute TSR).

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

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

Note 13 – Noncash Investing and Financing Activities

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

	Six Months Ended June 30,	
	2023	2022
Additions to real estate assets accrued but not yet paid	\$ 8,595	\$ 10,195
Accrued dividends and distributions payable	—	7,956
Deconsolidation upon loss of control ⁽¹⁾ :		
Decrease in real estate assets	(9,015)	(18,810)
Decrease in mortgage and other indebtedness	37,693	56,226
Decrease in operating assets and liabilities	3,352	5,686
Decrease in intangible lease and other assets	(3,879)	(6,852)

(1)See [Note 7](#) for additional information.

Note 14 – Subsequent Events

In July 2023, the Company redeemed \$102,950 in U.S. Treasury securities and purchased \$102,968 in new U.S. Treasury securities with maturities through July 2024.

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

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and accompanying notes that are included in this Form 10-Q. Capitalized terms used, but not defined, in this Management's Discussion and Analysis of Financial Condition and Results of Operations have the same meanings as defined in the notes to the condensed consolidated financial statements. Unless stated otherwise or the context otherwise requires, references to the "Company," "we," "us" and "our" mean CBL & Associates Properties, Inc. and its subsidiaries.

Certain statements made in this section or elsewhere in this report may be deemed "forward-looking statements" within the meaning of the federal securities laws. All statements other than statements of historical fact should be considered to be forward-looking statements. In many cases, these forward-looking statements may be identified by the use of words such as "will," "may," "should," "could," "believes," "expects," "anticipates," "estimates," "intends," "projects," "goals," "objectives," "targets," "predicts," "plans," "seeks," and variations of these words and similar expressions. Any forward-looking statement speaks only as of the date on which it is made and is qualified in its entirety by reference to the factors discussed throughout this report.

Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, forward-looking statements are not guarantees of future performance or results and we can give no assurance that these expectations will be attained. It is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of known and unknown risks and uncertainties. In addition to the risk factors described in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022, such known risks and uncertainties include, without limitation:

- general industry, economic and business conditions;
- interest rate fluctuations;
- costs and availability of capital, including debt, and capital requirements;
- the ability to obtain suitable equity and/or debt financing and the continued availability of financing, in the amounts and on the terms necessary to support our future refinancing requirements and business;
- costs and availability of real estate;
- inability to consummate acquisition opportunities and other risks associated with acquisitions;
- competition from other companies and retail formats;
- changes in retail demand and rental rates in our markets;
- shifts in customer demands including the impact of online shopping;
- tenant bankruptcies or store closings;
- changes in vacancy rates at our properties;
- changes in operating expenses;
- changes in applicable laws, rules and regulations;
- disposition of real property;
- uncertainty and economic impact of pandemics, epidemics or other public health emergencies or fear of such events, such as the COVID-19 pandemic and related governmental responses;
- cyber-attacks or acts of cyber-terrorism; and
- other risks referenced from time to time in filings with the Securities and Exchange Commission ("SEC") and those factors listed or incorporated by reference into this report.

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

Executive Overview

We are a self-managed, self-administered, fully integrated REIT that is engaged in the ownership, development, acquisition, leasing, management and operation of regional shopping malls, outlet centers, lifestyle centers, open-air centers and other properties. See [Note 1](#) to the condensed consolidated financial statements for information on our property interests as of June 30, 2023. We have elected to be taxed as a REIT for federal income tax purposes.

Leasing metrics were the strongest in several years, with positive new and renewal lease spreads and year-over-year occupancy growth.

We continue to make progress addressing our loan maturities and de-risking our balance sheet. During the quarter, we closed a two-year extension on the loan secured by Cross Creek Mall and are currently in process on the refinancing of the loan secured by The Outlet Shoppes at Atlanta.

We had a net loss for the three and six months ended June 30, 2023 of \$22.7 million and \$22.1 million, respectively, as compared to a net loss for the three and six months ended June 30, 2022 of \$43.8 million and \$87.0 million, respectively. We had a net loss attributable to common shareholders for the three and six months ended June 30, 2023 of \$21.1 million and \$19.1 million, respectively, as compared to a net loss attributable to common shareholders for the three and six months ended June 30, 2022 of \$41.6 million and \$82.3 million, respectively.

Significant items that affected comparability between the three-month periods include:

- Items decreasing net loss for the three months ended June 30, 2023 compared to the prior-year period:

- Interest expense was \$10.9 million lower;
- Depreciation and amortization expense was \$14.7 million lower;
- General and administrative expense was \$2.3 million lower;
- Interest income was \$2.1 million higher.

- Items increasing net loss for the three months ended June 30, 2023 compared to the prior-year period:

- Equity in earnings was \$1.2 million lower;
- Revenues were \$7.2 million lower.

Significant items that affected comparability between the six-month periods include:

- Items decreasing net loss for the six months ended June 30, 2023 compared to the prior-year period:

- Interest expense was \$58.1 million lower;
- Depreciation and amortization expense was \$30.4 million lower;
- Interest income was \$4.6 million higher.

- Items increasing net loss for the six months ended June 30, 2023 compared to the prior-year period:

- Equity in losses was \$0.4 million compared to equity in earnings of \$10.6 million for the six months ended June 30, 2022;
- Gain on deconsolidation was \$8.1 million lower;
- Revenues were \$10.9 million lower.

Our focus is on continuing to execute our strategy to improve occupancy, drive rent growth and transform the offerings available at our diverse portfolio of dynamic properties to include a targeted mix of retail, service, dining, entertainment and other non-retail uses, primarily through the re-tenanting of former anchor locations as well as diversification of in-line tenancy. This operational strategy is also supported by our balance sheet strategy focused on reducing overall debt, extending our debt maturity schedule and lowering our overall cost of borrowings to limit maturity risk, improve net cash flow and enhance enterprise value. While the industry and our Company continue to face challenges, some of which may not be in our control, we believe that the strategies in place to redevelop our properties and diversify our tenant mix will contribute to stabilization of our portfolio and revenues in future years.

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

Results of Operations

Properties that were in operation for the entire year during 2022 and the six months ended June 30, 2023 are referred to as the "Comparable Properties." Since January 2022, we have deconsolidated:

Deconsolidations

Property	Location	Date of Deconsolidation
Greenbrier Mall ⁽¹⁾⁽²⁾	Chesapeake, VA	March 2022
Alamance Crossing East ⁽¹⁾	Burlington, NC	February 2023

(1)We deconsolidated the property due to a loss of control when the property was placed into receivership in connection with the foreclosure process.

(2)The foreclosure process was completed in October 2022.

Comparison of the Three Months Ended June 30, 2023 to the Three Months Ended June 30, 2022

Revenues

	Three Months Ended June 30,			Comparable Properties			Deconsolidation	Dispositions
	2023	2022	Change	Core	Non-core			
Rental revenues	\$ 124,842	\$ 131,832	\$ (6,990)	\$ (5,093)	\$ (643)	\$ (1,315)	\$ 61	—
Management, development and leasing fees	1,822	1,786	36	36	—	—	—	—
Other	3,203	3,400	(197)	(140)	(18)	(39)	—	—
Total revenues	<u>\$ 129,867</u>	<u>\$ 137,018</u>	<u>\$ (7,151)</u>	<u>\$ (5,197)</u>	<u>\$ (661)</u>	<u>\$ (1,354)</u>	<u>\$ 61</u>	<u>—</u>

Rental revenues from the Comparable Properties decreased primarily due to lower percentage rents and an unfavorable variance in the estimate for uncollectable revenues as compared to the prior-year period.

Operating Expenses

	Three Months Ended June 30,			Comparable Properties			Deconsolidation	Dispositions
	2023	2022	Change	Core	Non-core			
Property operating	\$ (21,507)	\$ (21,312)	\$ (195)	\$ (437)	\$ 18	\$ 214	\$ 10	—
Real estate taxes	(14,481)	(14,254)	(227)	(275)	(94)	132	10	—
Maintenance and repairs	(9,991)	(10,230)	239	191	(20)	68	—	—
Property operating expenses	(45,979)	(45,796)	(183)	(521)	(96)	414	20	—
Depreciation and amortization	(49,742)	(64,476)	14,734	14,276	(179)	637	—	—
General and administrative	(16,156)	(18,450)	2,294	2,294	—	—	—	—
Loss on impairment	—	(252)	252	—	—	—	252	—
Litigation settlement	74	65	9	9	—	—	—	—
Other	—	(834)	834	834	—	—	—	—
Total operating expenses	<u>\$ (111,803)</u>	<u>\$ (129,743)</u>	<u>\$ 17,940</u>	<u>\$ 16,892</u>	<u>\$ (275)</u>	<u>\$ 1,051</u>	<u>\$ 272</u>	<u>—</u>

Depreciation and amortization expense at the Comparable Properties decreased primarily due to assets becoming fully depreciated or amortized since the prior-year period related to the shorter useful lives that were implemented upon the adoption of fresh start accounting when we emerged from bankruptcy.

General and administrative expenses decreased primarily due to professional fees associated with loan modifications and extensions, and fees incurred to obtain credit ratings on our secured term loan in the prior-year period. The decrease was partially offset by higher compensation and share-based compensation expenses as compared to the prior-year period.

Other Income and Expenses

Interest and other income increased \$2.1 million during the three months ended June 30, 2023 as compared to the prior-year period. The increase was primarily due to holding U.S. Treasury securities that carry higher interest rates in the current-year period.

Interest expense decreased \$10.9 million during the three months ended June 30, 2023 as compared to the prior-year period. The decrease was primarily due to \$26.0 million less accretion of property-level debt discounts as certain discounts became fully accreted since the prior-year period. The property-level debt discounts were recognized in conjunction with recording our property-level debt at fair value upon the adoption of fresh start accounting. Also, the decrease includes \$6.5 million of interest expense in the prior-year period on the secured notes that were fully redeemed in 2022. The decrease in interest expense was partially offset by an increase of \$13.6 million in the current period related to the open-air centers and outparcels loan that was entered into during the second quarter of 2022 and higher interest expense on the term loan due to increased variable interest rates.

Equity in earnings of unconsolidated affiliates was \$0.8 million for the three months ended June 30, 2023. Equity in earnings of unconsolidated affiliates was \$2.0 million for the three months ended June 30, 2022. The decrease in the current-year period as compared to the prior-year period relates to recognizing equity in losses for the three months ended June 30, 2023 in an unconsolidated affiliate where our investment in that unconsolidated affiliate had previously been zero.

Comparison of the Six Months Ended June 30, 2023 to the Six Months Ended June 30, 2022

Revenues

	Six Months Ended June 30,			Comparable Properties			Deconsolidation	Dispositions
	2023	2022	Change	Core	Non-core			
Rental revenues	\$ 255,166	\$ 267,164	\$ (11,998)	\$ (8,324)	\$ (328)	\$ (3,408)	\$ 62	
Management, development and leasing fees	4,256	3,555	701	701	—	—	—	—
Other	6,804	6,401	403	522	(38)	(76)	(5)	
Total revenues	\$ 266,226	\$ 277,120	\$ (10,894)	\$ (7,101)	\$ (366)	\$ (3,484)	\$ 57	

Rental revenues from the Comparable Properties decreased primarily due to lower percentage rents and an unfavorable variance in the estimate for uncollectable revenues as compared to the prior-year period.

Operating Expenses

	Six Months Ended June 30,			Comparable Properties			Deconsolidation	Dispositions
	2023	2022	Change	Core	Non-core			
Property operating	\$ (46,121)	\$ (44,656)	\$ (1,465)	\$ (2,327)	\$ 155	\$ 647	\$ 60	
Real estate taxes	(29,269)	(28,689)	(580)	(757)	(133)	301	9	
Maintenance and repairs	(21,515)	(20,796)	(719)	(1,031)	(8)	321	(1)	
Property operating expenses	(96,905)	(94,141)	(2,764)	(4,115)	14	1,269	68	
Depreciation and amortization	(103,011)	(133,419)	30,408	29,089	(378)	1,710	(13)	
General and administrative	(35,385)	(36,524)	1,139	1,139	—	—	—	
Loss on impairment	—	(252)	252	—	—	—	252	
Litigation settlement	118	146	(28)	(28)	—	—	—	
Other	(198)	(834)	636	636	—	—	—	
Total operating expenses	\$ (235,381)	\$ (265,024)	\$ 29,643	\$ 26,721	\$ (364)	\$ 2,979	\$ 307	

Total property operating expenses at the Comparable Properties increased primarily due to the completion of previously delayed maintenance projects and the timing of certain third-party contracts.

Depreciation and amortization expense at the Comparable Properties decreased primarily due to assets becoming fully depreciated or amortized since the prior-year period related to the shorter useful lives that were implemented upon the adoption of fresh start accounting when we emerged from bankruptcy.

General and administrative expenses decreased primarily due to professional fees associated with loan modifications and extensions, and fees incurred to obtain credit ratings on our secured term loan in the prior-year period. The decrease was partially offset by higher compensation and share-based compensation expenses as compared to the prior-year period.

Other Income and Expenses

Interest and other income increased \$4.6 million during the six months ended June 30, 2023 as compared to the prior-year period. The increase was primarily due to holding U.S. Treasury securities that carry higher interest rates in the current-year period.

Interest expense decreased \$58.1 million during the six months ended June 30, 2023 as compared to the prior-year period. The decrease was primarily due to \$80.4 million less accretion of property-level debt discounts as certain discounts became fully accreted since the prior-year period. The property-level debt discounts were recognized in conjunction with recording our property-level debt at fair value upon the adoption of fresh start accounting. Also, the decrease includes \$17.3 million of interest expense in the prior-year period on the secured notes that were fully redeemed in 2022. The decrease in interest expense was partially offset by an increase of \$27.3 million in the current period related to the open-air centers and outparcels loan that was entered into during the second quarter of 2022 and higher interest expense on the term loan due to increased variable interest rates.

For the six months ended June 30, 2023, we recorded a \$28.2 million gain on deconsolidation related to Alamance Crossing East that was deconsolidated due to a loss of control when the mall was placed into receivership in connection with the foreclosure process. For the six months ended June 30, 2022, we recorded a \$36.3 million gain on deconsolidation related to Greenbrier Mall that was deconsolidated due to a loss of control when the mall was placed into receivership in connection with the foreclosure process.

Equity in losses of unconsolidated affiliates was \$0.4 million for the six months ended June 30, 2023. Equity in earnings of unconsolidated affiliates was \$10.6 million for the six months ended June 30, 2022. The decrease in the current-year period as compared to the prior-year period relates to recognizing equity in losses for the six months ended June 30, 2023 in an unconsolidated affiliate where our investment in that unconsolidated affiliate had previously been zero.

Non-GAAP Measure

Same-center Net Operating Income

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

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

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

We include a property in our same-center pool when we have owned all or a portion of the property since January 1 of the preceding calendar year and it has been in operation for both the entire preceding calendar year and current year-to-date period. New properties are excluded from same-center NOI until they meet these criteria. Properties excluded from the same-center pool that would otherwise meet these criteria are categorized as excluded properties. We exclude properties for which we are working or intend to work with the lender on a restructure of the terms of the loan secured by the property or convey the secured property to the lender ("Excluded Properties"). As of June 30, 2023, Alamance Crossing East and WestGate Mall were classified as Excluded Properties.

Due to the exclusions noted above, same-center NOI should only be used as a supplemental measure of our performance and not as an alternative to GAAP operating income (loss) or net income (loss).

A reconciliation of our same-center NOI to net loss for the three- and six-month periods ended June 30, 2023 and 2022 is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss	\$ (22,663)	\$ (43,805)	\$ (22,149)	\$ (87,028)
Adjustments: ⁽¹⁾				
Depreciation and amortization	53,467	72,357	110,709	148,921
Interest expense	60,786	74,252	119,792	180,838
Abandoned projects expense	—	834	17	834
Loss (gain) on sales of real estate assets, net of taxes and noncontrolling interests' share	59	(3)	(1,537)	(19)
Gain on sales of real estate assets of unconsolidated affiliates	(784)	—	(768)	(629)
Adjustment for unconsolidated affiliates with negative investment	888	(10,460)	2,479	(23,007)
Gain on deconsolidation	—	—	(28,151)	(36,250)
Loss on impairment, net of taxes	—	186	—	186
Litigation settlement	(74)	(65)	(118)	(146)
Reorganization items, net	—	(613)	—	958
Income tax provision (benefit)	219	(472)	118	329
Lease termination fees	(793)	(1,052)	(1,954)	(2,448)
Straight-line rent and above- and below-market lease amortization	3,401	467	7,090	3,707
Net loss attributable to noncontrolling interests in other consolidated subsidiaries	1,875	2,373	3,620	4,859
General and administrative expenses	16,156	18,450	35,385	36,524
Management fees and non-property level revenues	(5,038)	(525)	(10,018)	(1,049)
Operating Partnership's share of property NOI	107,499	111,924	214,515	226,580
Non-comparable NOI	(425)	(3,972)	(1,918)	(8,178)
Total same-center NOI	\$ 107,074	\$ 107,952	\$ 212,597	\$ 218,402

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

Same-center NOI decreased 0.8% for the three months ended June 30, 2023 as compared to the prior-year period. The \$0.8 million decrease for the three months ended June 30, 2023 compared to the same period in 2022 primarily consisted of a \$1.1 million decrease in revenues offset by a \$0.3 million decrease in operating expenses. Rental revenues were \$1.3 million lower primarily due to decreased percentage rents and an unfavorable variance in the estimate for uncollectable revenues in the current-year period as compared to the prior-year period.

Same-center NOI decreased 2.7% for the six months ended June 30, 2023 as compared to the prior-year period. The \$5.8 million decrease for the six months ended June 30, 2023 compared to the same period in 2022 primarily consisted of a \$2.1 million decrease in revenues and a \$3.7 million increase in operating expenses. Rental revenues were \$2.9 million lower primarily due to decreased percentage rents and an unfavorable variance in the estimate for uncollectable revenues in the current-year period as compared to the prior-year period. Property operating expenses were higher in the current-year period as compared to the prior-year period primarily due to the completion of previously delayed maintenance projects and timing of certain third-party contracts.

Operational Review

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

We derive the majority of our revenues from the malls, lifestyle centers and outlet centers. The sources of our revenues by property type were as follows:

	Six Months Ended June 30,	
	2023	2022
Malls, Lifestyle Centers and Outlet Centers	85.1%	86.1%
All Other	14.9%	13.9%

Inline and Adjacent Freestanding Tenant Store Sales

Inline and adjacent freestanding tenant store sales include reporting mall, lifestyle center and outlet center tenants of 10,000 square feet or less and exclude license agreements, which are retail leases that are temporary or short-term in nature and generally last more than three months but less than twelve months. The following is a comparison of our same-center tenant sales per square foot for mall, lifestyle center and outlet center tenants of 10,000 square feet or less (Excluded Properties are not included in sales metrics):

	Sales Per Square Foot for the Trailing Twelve Months Ended June 30,			% Change
	2023	2022		
Mall, Lifestyle Center and Outlet Center same-center sales per square foot	\$ 425	\$ 442		(3.8)%

Occupancy

Our portfolio occupancy is summarized in the following table (Excluded Properties are not included in occupancy metrics):

	As of June 30,	
	2023	2022
Total portfolio	89.7%	89.5%
Malls, Lifestyle Centers and Outlet Centers:		
Total malls	88.0%	87.9%
Total lifestyle centers	92.7%	89.4%
Total outlet centers	88.4%	87.5%
Total same-center malls, lifestyle centers and outlet centers	88.5%	88.0%
All Other:		
Total open-air centers	94.7%	94.4%
Total other	74.2%	91.7%

Leasing

The following is a summary of the total square feet of leases signed in the three- and six-month periods ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Operating portfolio:				
New leases	289,181	395,752	575,194	630,642
Renewal leases	586,036	633,563	1,574,527	1,450,369
Total leased	<u>875,217</u>	<u>1,029,315</u>	<u>2,149,721</u>	<u>2,081,011</u>

Average annual base rents per square foot are based on contractual rents in effect as of June 30, 2023 and 2022, including the impact of any rent concessions. Average annual base rents per square foot for comparable small shop space of less than 10,000 square feet were as follows for each property type:

	Six Months Ended June 30,		
	2023	2022	
Total portfolio ⁽¹⁾	\$ 25.49	\$ 24.99	
Malls, Lifestyle Centers and Outlet Centers:			
Total same-center malls, lifestyle centers and outlet centers	30.03	29.43	
Total malls	30.43	30.02	
Total lifestyle centers	29.30	27.88	
Total outlet centers	27.76	26.51	
All Other:			
Total open-air centers	15.29	15.10	
Total other	19.94	19.31	

(1)Excluded Properties are not included.

Results from new and renewal leasing of comparable small shop space of less than 10,000 square feet during the three- and six-month period ended June 30, 2023 for spaces that were previously occupied, based on the contractual terms of the related leases inclusive of the impact of any rent concessions, are as follows:

Property Type	Square Feet	Prior Gross Rent PSF	New Initial Gross Rent PSF	% Change Initial	New Average Gross Rent PSF ⁽¹⁾	% Change Average
Three Months Ended June 30, 2023:						
All Property Types ⁽²⁾	410,725	\$ 38.33	\$ 40.99	6.9 %	\$ 41.82	9.1 %
Malls, Lifestyle Centers & Outlet Centers	352,206	40.81	42.89	5.1 %	43.73	7.2 %
New leases	40,014	34.10	41.56	21.9 %	44.21	29.6 %
Renewal leases	312,192	41.67	43.07	3.4 %	43.67	4.8 %
Six Months Ended June 30, 2023:						
All Property Types ⁽²⁾	1,147,811	\$ 35.26	\$ 36.34	3.1 %	\$ 37.06	5.1 %
Malls, Lifestyle Centers & Outlet Centers	1,040,724	36.57	37.13	1.5 %	37.85	3.5 %
New leases	82,414	36.15	42.81	18.4 %	45.14	24.9 %
Renewal leases	958,310	36.61	36.65	0.1 %	37.22	1.7 %

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

(2)Includes malls, lifestyle centers, outlet centers, open-air centers and other.

New and renewal leasing activity of comparable small shop space of less than 10,000 square feet based on the lease commencement date is as follows:

	Number of Leases	Square Feet	Term (in years)	Initial Rent PSF	Average Rent PSF	Expiring Rent PSF	Initial Rent Spread	Average Rent Spread
Commencement 2023:								
New	53	159,063	6.34	\$ 37.38	\$ 39.42	\$ 31.92	5.46	17.1 %
Renewal	411	1,369,901	2.65	34.35	34.69	33.88	0.47	1.4 %
Commencement 2023 Total	464	1,528,964	3.07	34.67	35.18	33.68	0.99	2.9 %
Commencement 2024:								
New	3	6,953	7.67	47.35	51.16	39.50	7.85	19.9 %
Renewal	64	161,556	2.61	47.39	47.70	46.73	0.66	1.4 %
Commencement 2024 Total	67	168,509	2.84	47.39	47.84	46.43	0.96	2.1 %
Total 2023/2024	531	1,697,473	3.04	\$ 35.93	\$ 36.44	\$ 34.94	\$ 0.99	2.8 %
								4.3 %

Liquidity and Capital Resources

As of June 30, 2023, we had \$279.8 million available in unrestricted cash and U.S. Treasury securities. Our total pro rata share of debt, excluding unamortized deferred financing costs and debt discounts, at June 30, 2023 was \$2,699.6 million, which includes a \$41.1 million unconsolidated property loan that is in receivership. We had \$53.9 million in restricted cash at June 30, 2023 related to cash held in escrow accounts for insurance, real estate taxes, capital expenditures and tenant allowances as required by the terms of certain mortgage notes payable, as well as amounts related to cash management agreements with lenders of certain property-level mortgage indebtedness, which are designated for debt service and operating expense obligations. We also had restricted cash of \$34.8 million related to the properties that secure the corporate term loan and the open-air centers and outparcels loan of which we may receive a portion via distributions semiannually and quarterly in accordance with the provisions of the term loan and the open-air centers and outparcels loan, respectively.

During the three and six months ended June 30, 2023, we continued to reinvest the cash from maturing U.S. Treasury securities into new U.S. Treasury securities. We designated our U.S. Treasury securities as available-for-sale. As of June 30, 2023, our U.S. Treasury securities have maturities through April 2024. Subsequent to June 30, 2023, we redeemed and purchased additional U.S. Treasury securities. See [Note 14](#) for additional information.

During the six months ended June 30, 2023, we extended the maturity dates on four loans, which had a combined outstanding balance of \$320.0 million at our share as of June 30, 2023. In April 2023, the Company and its joint venture partner entered into a new \$148.0 million loan secured by Friendly Center and The Shops at Friendly Center and the \$7.2 million loan secured by The Outlet Shoppes of the Bluegrass - Phase II was paid off. See [Note 7](#) and [Note 8](#) for additional information.

In May 2023, the Operating Partnership entered into an interest rate swap with a notional amount of \$32.0 million to fix the interest rate at 7.3975% on \$32.0 million of the variable rate portion of the open-air centers and outparcels loan. The swap has a maturity date of June 7, 2027. We designated the swap as a cash flow hedge on our variable rate debt. See [Note 8](#) for additional information.

In February 2023, we deconsolidated Alamance Crossing East as a result of losing control when the property was placed in receivership. The loan secured by Alamance Crossing East had an outstanding balance of \$41.1 million as of June 30, 2023.

We paid common stock dividends of \$0.375 per share in each of the first and second quarters of 2023. Additionally, our board of directors declared a special dividend of \$2.20 per share of common stock, which was paid in cash on January 18, 2023, to stockholders of record as of the close of business on December 12, 2022.

During the six months ended June 30, 2023, we sold five land parcels which generated approximately \$5.3 million in gross proceeds at our share.

After factoring in all financing activity subsequent to June 30, 2023, our total share of consolidated, unconsolidated and other outstanding debt, excluding debt discounts and deferred financing costs, maturing during 2023, assuming all extension options are elected, is \$37.2 million, and our total share of consolidated, unconsolidated and other outstanding debt, excluding debt discounts and deferred financing costs, that matured prior to 2023, which remains outstanding at June 30, 2023, is \$69.8 million. We are in discussions with the existing lenders to modify and extend or otherwise refinance the loans.

Cash Flows - Operating, Investing and Financing Activities

There was \$113.6 million of cash, cash equivalents and restricted cash as of June 30, 2023, a decrease of \$51.0 million from June 30, 2022. Of this amount, \$24.9 million was unrestricted cash and cash equivalents as of June 30, 2023. Also, at June 30, 2023, we had \$254.9 million in U.S. Treasuries with maturities through April 2024.

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

	Six Months Ended June 30,		Change
	2023	2022	
Net cash provided by operating activities	\$ 84,236	\$ 88,089	\$ (3,853)
Net cash provided by investing activities	25,672	2,690	22,982
Net cash used in financing activities	(138,264)	(68,119)	(70,145)
Net cash flows	<u>\$ (28,356)</u>	<u>\$ 22,660</u>	<u>\$ (51,016)</u>

Cash Provided By Operating Activities

Cash provided by operating activities decreased primarily due to lower percentage rents and higher interest expense due to rising variable interest rates, as well as higher operating expenses related to previously delayed maintenance projects and the timing of certain third-party contracts.

Cash Provided By Investing Activities

Cash provided by investing activities increased primarily due to more net redemptions of U.S. Treasury securities during the current-year period as compared to the prior-year period, as well as higher proceeds from sales of real estate assets during the six months ended June 30, 2023. The increase was partially offset by a decrease in distributions from unconsolidated affiliates.

Cash Used In Financing Activities

Cash used in financing activities increased primarily due to the payment of a first and second quarter 2023 common stock dividend and the special dividend that was declared during the fourth quarter of 2022. There were no dividends paid during the first and second quarters of 2022. The increase was partially offset by a reduction in principal payments during the current-year period as compared to the prior-year period.

Debt

The following tables summarize debt based on our pro rata ownership share, including our pro rata share of unconsolidated affiliates and excluding noncontrolling investors' share of consolidated properties. Prior to consideration of unamortized deferred financing costs or debt discounts, of our \$2,699.6 million outstanding debt at June 30, 2023, \$2,550.5 million constituted non-recourse debt obligations and \$149.1 million constituted recourse debt obligations. We believe the tables below provide investors and lenders a clearer understanding of our total debt obligations and liquidity (in thousands):

June 30, 2023:	Noncontrolling Interests			Unconsolidated Affiliates		Total	Weighted-Average Interest Rate ⁽²⁾
	Consolidated	Noncontrolling Interests	Other Debt ⁽¹⁾	Unconsolidated Affiliates			
Fixed-rate debt:							
Non-recourse loans on operating properties	\$ 783,501	\$ (25,222)	\$ 41,122	\$ 612,873	\$ 1,412,274	4.97%	
Open-air centers and outparcels loan	180,000	—	—	—	180,000	6.95%	⁽³⁾
Recurse loans on operating properties	—	—	—	9,149	9,149	3.76%	
Total fixed-rate debt	963,501	(25,222)	41,122	622,022	1,601,423	5.18%	
Variable-rate debt:							
Non-recourse loans on operating properties	55,440	(13,177)	—	50,389	92,652	8.07%	
Recurse loans on operating properties	—	—	—	12,530	12,530	7.71%	
Open-air centers and outparcels loan	180,000	—	—	—	180,000	9.26%	⁽³⁾
Secured term loan	813,038	—	—	—	813,038	7.92%	
Total variable-rate debt	1,048,478	(13,177)	—	62,919	1,098,220	8.15%	
Total fixed-rate and variable-rate debt	2,011,979	(38,399)	41,122	684,941	2,699,643	6.39%	
Unamortized deferred financing costs	(15,407)	298	—	(3,397)	(18,506)		
Debt discounts ⁽⁴⁾	(54,523)	4,680	—	—	(49,843)		
Total mortgage and other indebtedness, net	\$ 1,942,049	\$ (33,421)	\$ 41,122	\$ 681,544	\$ 2,631,294		

(1)Represents the outstanding loan balance for Alamance Crossing East which was deconsolidated due to a loss of control when the property was placed into receivership in connection with the foreclosure process.

(2)Weighted-average interest rate excludes amortization of deferred financing costs.

(3)The interest rate is a fixed 6.95% for \$180,000 of the \$360,000 loan, with the other half of the loan bearing a variable interest rate based on the 30-day SOFR plus 4.10%. The Operating Partnership has an interest rate swap on a notional amount of \$32,000 related to the variable portion of the loan to effectively fix the interest rate at 7.3975%.

(4)In conjunction with fresh start accounting, the Company estimated the fair value of its mortgage notes and recognized debt discounts upon emergence from bankruptcy on November 1, 2021. The debt discounts are accreted over the term of the respective debt using the effective interest method.

	Consolidated	Noncontrolling Interests	Unconsolidate d Affiliates	Total	Weighted- Average Interest Rate ⁽¹⁾
December 31, 2022:					
Fixed-rate debt:					
Non-recourse loans on operating properties	\$ 843,634	\$ (25,420)	\$ 611,215	\$ 1,429,429	4.57%
Open-air centers and outparcels loan	180,000	—	—	180,000	6.95% ⁽²⁾
Recurse loans on operating properties	—	—	10,427	10,427	3.67%
Total fixed-rate debt	1,023,634	(25,420)	621,642	1,619,856	4.83%
Variable-rate debt:					
Non-recourse loans on operating properties	56,490	(13,387)	51,539	94,642	6.91%
Recurse loans on operating properties	—	—	20,045	20,045	7.54%
Open-air centers and outparcels loan	180,000	—	—	180,000	8.22% ⁽²⁾
Secured term loan	829,452	—	—	829,452	6.87%
Total variable-rate debt	1,065,942	(13,387)	71,584	1,124,139	7.10%
Total fixed-rate and variable-rate debt	2,089,576	(38,807)	693,226	2,743,995	5.76%
Unamortized deferred financing costs	(17,101)	317	(2,142)	(18,926)	
Debt discounts ⁽³⁾	(72,289)	7,448	—	(64,841)	
Total mortgage and other indebtedness, net	\$ 2,000,186	\$ (31,042)	\$ 691,084	\$ 2,660,228	

(1)Weighted-average interest rate excludes amortization of deferred financing costs.

(2)The interest rate is a fixed 6.95% for \$180,000 of the \$360,000 loan, with the other half of the loan bearing a variable interest rate based on the 30-day SOFR plus 4.10%.

(3)In conjunction with fresh start accounting, the Company estimated the fair value of its mortgage notes and recognized debt discounts upon emergence from bankruptcy on November 1, 2021. The debt discounts are accreted over the term of the respective debt using the effective interest method.

The weighted-average remaining term of our total share of consolidated and unconsolidated debt, excluding debt discounts and deferred financing costs, was 2.7 years and 2.4 years at June 30, 2023 and December 31, 2022, respectively. The weighted-average remaining term of our pro rata share of fixed-rate debt, excluding debt discounts and deferred financing costs, was 2.9 years and 2.3 years at June 30, 2023 and December 31, 2022, respectively.

As of June 30, 2023 and December 31, 2022, our total share of consolidated and unconsolidated variable-rate debt, excluding debt discounts and deferred financing costs, represented 40.7% and 41.0%, respectively, of our total pro rata share of debt, excluding debt discounts and deferred financing costs.

See [Note 7](#) to the condensed consolidated financial statements for information concerning activity related to unconsolidated affiliates.

Equity

We paid common stock dividends of \$0.375 per share in each of the first and second quarters of 2023. The decision to declare and pay dividends on any outstanding shares of our common stock, as well as the timing, amount and composition of any such future dividends, will be at the sole discretion of our board of directors and will depend on our earnings, taxable income, FFO, liquidity, financial condition, capital requirements, contractual prohibitions or other limitations under our then-current indebtedness, the annual distribution requirements under the REIT provisions of the Internal Revenue Code, Delaware law and such other factors as our board of directors deems relevant. Any dividends payable will be determined by our board of directors based upon the circumstances at the time of declaration. Our actual results of operations will be affected by a number of factors, including the revenues received from our properties, our operating expenses, interest expense, capital expenditures and the ability of the anchors and tenants at our properties to meet their obligations for payment of rents and tenant reimbursements.

Capital Expenditures

The following table, which excludes expenditures for developments, redevelopments and expansions, summarizes our capital expenditures, including our share of unconsolidated affiliates' capital expenditures, for the three and six months ended June 30, 2023 compared to the same period in 2022 (in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	2023	2022		
Tenant allowances ⁽¹⁾	\$ 3,075	\$ 4,173	\$ 6,649	\$ 7,040		
Maintenance capital expenditures:						
Parking area and parking area lighting	865	980	1,196	1,513		
Roof replacements	888	2	1,425	126		
Other capital expenditures	4,331	2,275	5,989	4,097		
Total maintenance capital expenditures	6,084	3,257	8,610	5,736		
Capitalized overhead	435	374	1,135	823		
Capitalized interest	111	147	217	375		
Total capital expenditures	<u>\$ 9,705</u>	<u>\$ 7,951</u>	<u>\$ 16,611</u>	<u>\$ 13,974</u>		

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

Annual capital expenditures budgets are prepared for each of our properties that are intended to provide for all necessary recurring and non-recurring capital expenditures. We believe that property operating cash flows, which include reimbursements from tenants for certain expenses, and readily available cash on hand will provide the necessary funding for these expenditures.

Developments

Redevelopments Completed as of June 30, 2023

(Dollars in thousands)

Property	Location	CBL Ownership Interest	Total Project Square Feet	CBL's Share of				Opening Date	Initial Unleveraged Yield
				Total Cost ⁽¹⁾	Cost to Date ⁽²⁾	2023 Cost			
Redevelopments:									
The Terrace - Nordstrom Rack (former Staples)	Chattanooga, TN	92%	24,155	\$ 2,513	\$ 1,694	\$ 72	Q2 '23	13.0%	
York Town Center - Burlington (former Bed Bath & Beyond)	York, PA	50%	28,000	1,247	1,268	281	Q1 '23	18.5%	
Total Properties Completed			<u>52,155</u>	<u>\$ 3,760</u>	<u>\$ 2,962</u>	<u>\$ 353</u>			

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

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

Properties Under Development at June 30, 2023

(Dollars in thousands)

Property	Location	CBL Ownership Interest	Total Project Square Feet	CBL's Share of				Expected Opening Date	Initial Unleveraged Yield
				Total Cost ⁽¹⁾	Cost to Date ⁽²⁾	2023 Cost			
Mall Expansion:									
Sunrise Mall - Bubba's 33	Brownsville, TX	100%	7,575	\$ 1,049	\$ 997	\$ 797	Summer '23	18.0%	
Open-Air Center:									
Fremaux Town Center - Marshall's	Slidell, LA	65%	22,132	2,356	632	570	Fall '23	10.5%	
Outparcel Development:									
Mayfaire Town Center - hotel development	Wilmington, NC	49%	83,021	15,435	2,255	1,082	Spring '24	11.0%	
Redevelopments:									
Hamilton Place - Crunch Fitness	Chattanooga, TN	100%	36,640	2,648	74	56	Winter '24	23.3%	
Kirkwood Mall - Five Below	Bismarck, ND	100%	19,478	2,323	707	704	Fall '23	16.3%	
			56,118	4,971	781	760			
Total Properties Under Development				<u>168,846</u>	<u>\$ 23,811</u>	<u>\$ 4,665</u>	<u>\$ 3,209</u>		

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

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

Off-Balance Sheet Arrangements

Unconsolidated Affiliates

We have ownership interests in 25 unconsolidated affiliates as of June 30, 2023 that are described in [Note 7](#) to the condensed consolidated financial statements. The unconsolidated affiliates are accounted for using the equity method of accounting and are reflected in the condensed consolidated balance sheets as investments in unconsolidated affiliates.

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

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

Guarantees

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

See [Note 11](#) to the condensed consolidated financial statements for information related to our guarantees of unconsolidated affiliates' debt as of June 30, 2023 and December 31, 2022.

Critical Accounting Policies

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

Our Annual Report on Form 10-K for the year ended December 31, 2022 contains a discussion of our critical accounting policies and estimates in the Management's Discussion and Analysis of Financial Condition and Results of Operations section. There have been no material changes to these policies and estimates during the six months ended June 30, 2023. Our significant accounting policies are disclosed in Note 2 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022.

Non-GAAP Measure

Funds from Operations

FFO is a widely used non-GAAP measure of the operating performance of real estate companies that supplements net income (loss) determined in accordance with GAAP. NAREIT defines FFO as net income (loss) (computed in accordance with GAAP) excluding gains or losses on sales of depreciable operating properties and impairment losses of depreciable properties, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures and noncontrolling interests. Adjustments for unconsolidated partnerships, joint ventures and noncontrolling interests are calculated on the same basis. We define FFO as defined above by NAREIT. Our method of calculating FFO may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

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

We believe FFO allocable to Operating Partnership common unitholders is a useful performance measure since we conduct substantially all our business through our Operating Partnership and, therefore, it reflects the performance of our properties in absolute terms regardless of the ratio of ownership interests of our common shareholders and the noncontrolling interest in our Operating Partnership.

In our reconciliation of net income (loss) attributable to common shareholders to FFO allocable to Operating Partnership common unitholders that is presented below, we make an adjustment to add back noncontrolling interest in income (loss) of our Operating Partnership in order to arrive at FFO of the Operating Partnership common unitholders.

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

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

FFO of the Operating Partnership increased to \$32.4 million for the three months ended June 30, 2023 from \$30.9 million for the prior-year period. Excluding the adjustments noted above, FFO of the Operating Partnership, as adjusted, decreased to \$50.1 million for the three months ended June 30, 2023 from \$59.9 million for the prior-year period. The decrease in FFO, as adjusted, for the three months ended June 30, 2023 was primarily driven by lower percentage rents, an unfavorable variance in the estimate for uncollectable revenues in the current-year period as compared to the prior-year period and higher interest expense due to rising variable interest rates. The decrease was partially offset by increased interest income on our U.S. Treasury securities.

FFO of the Operating Partnership increased to \$91.7 million for the six months ended June 30, 2023 from \$65.9 million for the prior-year period. Excluding the adjustments noted above, FFO of the Operating Partnership, as adjusted, decreased to \$99.9 million for the six months ended June 30, 2023 from \$117.3 million for the prior-year period. The decrease in FFO, as adjusted, for the six months ended June 30, 2023 was primarily driven by lower percentage rents, an unfavorable variance in the estimate for uncollectable revenues in the current-year period as compared to the prior-year period and higher interest expense due to rising variable interest rates, as well as previously delayed maintenance projects and timing of certain third-party contracts. The decrease was partially offset by increased interest income on our U.S. Treasury securities.

The reconciliation of net loss attributable to common shareholders to FFO allocable to Operating Partnership common unitholders for the three and six months ended June 30, 2023 and 2022 is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss attributable to common shareholders	\$ (21,069)	\$ (41,598)	\$ (19,090)	\$ (82,320)
Noncontrolling interest in loss of Operating Partnership	—	(44)	—	(59)
Dividends allocable to unvested restricted stock	281	210	561	210
Depreciation and amortization expense of:				
Consolidated properties	49,742	64,476	103,011	133,419
Unconsolidated affiliates	4,433	8,819	9,071	17,339
Non-real estate assets	(304)	(203)	(452)	(401)
Noncontrolling interests' share of depreciation and amortization in other consolidated subsidiaries	(708)	(938)	(1,373)	(1,837)
Loss on impairment, net of taxes	—	186	—	186
Gain on depreciable property	—	—	—	(629)
FFO allocable to Operating Partnership common unitholders	32,375	30,908	91,728	65,908
Debt discount accretion, including our share of unconsolidated affiliates and net of noncontrolling interests' share ⁽¹⁾	16,574	50,036	33,190	128,499
Adjustment for unconsolidated affiliates with negative investment ⁽²⁾	888	(10,460)	2,479	(23,007)
Senior secured notes fair value adjustment ⁽³⁾	—	(593)	—	(395)
Litigation settlement ⁽⁴⁾	(74)	(65)	(118)	(146)
Non-cash default interest expense ⁽⁵⁾	287	(9,344)	781	(18,220)
Gain on deconsolidation ⁽⁶⁾	—	—	(28,151)	(36,250)
Reorganization items, net ⁽⁷⁾	—	(613)	—	958
FFO allocable to Operating Partnership common unitholders, as adjusted	\$ 50,050	\$ 59,869	\$ 99,909	\$ 117,347

(1)In conjunction with fresh start accounting upon emergence from bankruptcy, we recognized debt discounts equal to the difference between the outstanding balance of mortgage notes payable and the estimated fair value of such mortgage notes payable. The debt discounts are accreted as additional interest expense over the terms of the respective mortgage notes payable using the effective interest method.

(2)Represents our share of the earnings (losses) before depreciation and amortization expense of unconsolidated affiliates where we are not recognizing equity in earnings (losses) because our investment in the unconsolidated affiliate is below zero.

(3)Represents the fair value adjustment recorded on the senior secured notes as interest expense.

(4)Represents a credit to litigation settlement expense in each of the three- and six- month periods ended June 30, 2023 and 2022 related to claim amounts that were released pursuant to the terms of the settlement agreement related to the settlement of a class action lawsuit.

(5)The three and six months ended June 30, 2023 includes default interest on loans past their maturity dates. The three and six months ended June 30, 2022 includes the reversal of default interest expense when waivers or forbearance agreements were obtained.

(6)For the six months ended June 30, 2023, we deconsolidated Alamance Crossing East due to a loss of control when the property was placed into receivership in connection with the foreclosure process. For the six months ended June 30, 2022, we deconsolidated Greenbrier Mall due to a loss of control when the property was placed into receivership in connection with the foreclosure process.

(7)Represents costs incurred subsequent to the bankruptcy filing, which consists of professional fees, legal fees and U.S. Trustee fees.

ITEM 3: Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rate Risk

Based on our proportionate share of consolidated and unconsolidated variable-rate debt at June 30, 2023, a 0.5% increase or decrease in interest rates on variable-rate debt would increase or decrease annual cash flows by approximately \$5.4 million.

Based on our proportionate share of total consolidated, unconsolidated and other debt at June 30, 2023, a 0.5% increase in interest rates would decrease the fair value of debt by approximately \$13.4 million, while a 0.5% decrease in interest rates would increase the fair value of debt by approximately \$13.7 million.

ITEM 4: Controls and Procedures

Disclosure Controls and Procedures

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

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1: Legal Proceedings

The information in this Item 1 is incorporated by reference herein from [Note 11](#).

ITEM 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risks that could materially affect our business, financial condition or results of operations that are discussed under the caption "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022. There have been no material changes to such risk factors since the filing of our Annual Report.

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

Not applicable.

ITEM 3: Defaults Upon Senior Securities

Not applicable.

ITEM 4: Mine Safety Disclosures

Not applicable.

ITEM 5: Other Information

None.

ITEM 6: Exhibits**INDEX TO EXHIBITS**

Exhibit Number	Description
31.1	Certification pursuant to Securities Exchange Act Rule 13a-14(a) by the Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Properties, Inc.
31.2	Certification pursuant to Securities Exchange Act Rule 13a-14(a) by the Chief Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Properties, Inc.
32.1	Certification pursuant to Securities Exchange Act Rule 13a-14(b) by the Chief Executive Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Properties, Inc.
32.2	Certification pursuant to Securities Exchange Act Rule 13a-14(b) by the Chief Financial Officer as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for CBL & Associates Properties, Inc.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. (Filed herewith.)
101.SCH	Inline XBRL Taxonomy Extension Schema Document. (Filed herewith.)
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document. (Filed herewith.)
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document. (Filed herewith.)
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document. (Filed herewith.)
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document. (Filed herewith.)
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101.*). (Filed herewith.)

SIGNATURES

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

CBL & ASSOCIATES PROPERTIES, INC.

Date: August 9, 2023

/s/ Benjamin W. Jaenicke
Benjamin W. Jaenicke
Executive Vice President -
Chief Financial Officer and Treasurer
(Authorized Officer and Principal Financial Officer)

CERTIFICATION

I, Stephen D. Lebovitz, certify that:

- (1)I have reviewed this quarterly report on Form 10-Q of CBL & Associates Properties, Inc.;
- (2)Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3)Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4)The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a.Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b.Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c.Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d.Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5)The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a.All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b.Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2023

/s/ Stephen D. Lebovitz
 Stephen D. Lebovitz, Director and
 Chief Executive Officer

CERTIFICATION

I, Benjamin W. Jaenicke, certify that:

- (1)I have reviewed this quarterly report on Form 10-Q of CBL & Associates Properties, Inc.;
- (2)Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3)Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4)The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a.Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b.Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c.Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d.Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5)The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a.All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b.Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2023

/s/ Benjamin W. Jaenicke
 Benjamin W. Jaenicke, Executive Vice President -
 Chief Financial Officer and Treasurer

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

In connection with the Quarterly Report of CBL & Associates Properties, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen D. Lebovitz, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350 (as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002), that:

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

/s/ Stephen D. Lebovitz
Stephen D. Lebovitz, Director and
Chief Executive Officer

August 9, 2023
Date

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

In connection with the Quarterly Report of CBL & Associates Properties, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Benjamin W. Jaenicke, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350 (as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002), that:

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

/s/ Benjamin W. Jaenicke
Benjamin W. Jaenicke, Executive Vice President -
Chief Financial Officer and Treasurer

August 9, 2023
Date
